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Operational activities of the United Nations for international development cooperation: follow-up to policy recommendations of the General Assembly and the Council

Analysis of funding of operational activities for development of the United Nations system for 2011

Report of the Secretary-General

Summary

Contributions

Real-term decline in total contributions in 2011

Total contributions for operational activities for development of the United Nations system in 2011 amounted to some $22.8 billion, about the same as in 2010 in nominal terms and 6.9 per cent less in real terms. Total contributions were equivalent to about 15 per cent of total official development assistance (ODA) (excluding debt relief) as reported by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC). About 67 per cent of funding was directed to longer-term development-related activities against 33 per cent to activities with a humanitarian assistance focus. This is similar to the distribution in 2010.

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** E/2013/100.

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Most of the decline attributed to non-core funding

Total core contributions to operational activities for development amounted to $6.3 billion in 2011, about the same in real terms as in 2010. A decline of 3 per cent in core funding for development-related activities was offset by an increase of 12 per cent in core funding for humanitarian assistance-related activities. Non-core funding for operational activities for development and development-related activities declined in real terms by 9 and 11 per cent, respectively, in 2011.

Imbalance between core and non-core funding continues

Some 72 per cent of total funding for operational activities for development in 2011 were non-core against 74 per cent in 2010. As can be expected, the non-core component of funding for humanitarian assistance-related activities was at 81 per cent, or higher than the 68 per cent for development-related activities. The global imbalance between core and non-core resources for development-related activities is not primarily driven by direct contributions by DAC Governments but by funding from other sources, such as the European Commission and global funds.

Longer-term funding trends positive

In the period from 1996 to 2011, overall trends have been positive for both development- and humanitarian assistance-related activities. In this 15-year period, funding for development-related activities and humanitarian assistance-related activities more than doubled in real terms; the non-core component of development-related contributions grew strongest, by about three-and-a-half times. Overall, contributions for United Nations operational activities for development grew at a faster rate during this 15-year period than total ODA as reported by OECD/DAC. Almost all of this growth was in the form of non-core resources, resulting in the core ratio for operational activities for development as a whole declining from 50 per cent in 1996 to 28 per cent in 2011 and for development-related activities alone from 60 per cent in 1996 to 32 per cent in 2011.

Shorter-term funding trends more even

Since 2006, total funding for United Nations operational activities for development has grown for the first time at a slower pace than total ODA pointing to a declining trend in the share of total ODA being channelled through the United Nations development system. Over the past four years, total contributions in nominal terms remained at approximately the same level with some modest nominal growth in development-related funding, offset by a decrease in humanitarian assistance-related activities.

Funding base broadened

The funding base for operational activities for development has, in general, broadened. While the absolute volume of direct contributions of OECD/DAC countries increased by 83 per cent in real terms between 1995 and 2011, its overall share of total funding has declined from 76 to 63 per cent. Similarly, for development-related activities alone the OECD/DAC share has declined from 71 per cent in 1995 to 60 per cent in 2011. The share of contributions from non-governmental organizations, public-private partnerships and other multilateral institutions (including global funds) for development-related activities increased from 9 per cent

in 1995 to 21 per cent in 2011. In 2005, the share was 17 per cent, indicating that the broadening of the funding base has continued in the shorter term.

United Nations system the largest multilateral partner of OECD/DAC countries

Some 27 per cent of all direct contributions to the multilateral system in 2011 as reported by OECD/DAC were channelled through the United Nations development system, making the Organization the largest multilateral partner of DAC countries.

Contributions from developing countries growing

Contributions from developing countries (excluding local resources) for operational activities for development totalled $562 million in 2011 and have increased by some 16 per cent in nominal terms since 2006. About half of this funding was in the form of core contributions.

Non-core pooled funding and joint programmes still a small share of total non-core

Some 90 per cent of non-core funding for development-related activities in 2011 was predominantly single-donor and destined for specific programmes and projects, thereby contributing to the fragmentation of resources flows, with a consequent impact on overall programme coherence, efficiencies and transaction costs. Contributions to pooled funding arrangements such as multi-donor trust funds, including "One United Nations" funds and thematic funds of entities, accounted for the remaining 10 per cent of non-core resource flows. The value of newly approved joint programmes in 2011 financed from any combination of the above-named modalities was less than 3 per cent of total non-core funding in 2011.

Expenditures

General

Some 72 per cent of the total expenditures of $25.1 billion for operational activities for development in 2011 focused on programme activities at the country level, of which 47 per cent, or $8.5 billion, were in Africa. The remaining 28 per cent of total expenditures related to global and regional programme activities and programme support and management activities. Some entities refer to programme support as development effectiveness. Programme support and management costs are those that in quadrennial comprehensive policy review-related discussions on cost recovery have been referred to as so-called non-programme costs.

Expenditures on development-related activities reached $17.2 billion in 2011, an increase of 19 per cent in real terms since 2006. About half of the development-related expenditures (excluding local resources) at the country-level were spent in low-income countries in 2011.

Selected issues

No significant change in predictability of resources flows

Annual changes in donor contributions can be quite significant, including as a result of volatility in exchange rates. The combined negative effect of fluctuations in contributions on the overall availability of resources has been limited during the

recent period of general growth. However, this relative stability seems to be the result of coincidence rather than of a well-functioning funding system that has built-in mechanisms to address the challenges that are intrinsic to a heavy dependency on annual voluntary contributions. By and large, no significant change has occurred in predictability, reliability and stability of funding flows, despite the adoption of integrated strategic and multi-year financing frameworks by entities of the United Nations development system.

Introduction of common budgetary frameworks at the country level

Common budgetary frameworks to strengthen the quality of system-wide resource planning and mobilization and to enhance transparency at the country level have been introduced in 30 countries, or 28 per cent of the countries covered by the survey of resident coordinators, two-and-a-half years after the United Nations Development Group issued specific guidance in this regard. The countries with common budgetary frameworks thus far include the eight "Delivering as one" pilot countries, self-starters and eight others. This take-up is to be welcomed considering that the use of a common budgetary framework has hitherto been optional. With the resolution on quadrennial comprehensive policy review, the common budgetary framework has become a requirement in all countries. Much remains to be done with regard to the provision by United Nations entities of the necessary information on funding commitments and programme implementation in general.

Burden-sharing among OECD/DAC countries uneven

OECD/DAC countries accounted for 83 per cent of total core resources for development-related activities in 2011, with a significant difference in individual contributions if measured as a share of gross national income. If the 2011 median ratio between core development-related funding and gross national income (DEV/GNI) were to be set as a minimum target for a successful system of negotiated pledges, total core contributions would increase by some $2.4 billion or 58 per cent to $6.7 billion.

Alignment of newly approved cost-recovery frameworks with General Assembly resolution 67/226

There is a significant difference in the distribution of total programme support and management costs (non-programme costs) between core and non-core funding sources. In its resolution 67/226, the General Assembly reaffirmed that the guiding principle governing the financing of all non-programme costs should be based on full cost recovery, proportionally, from core and non-core funding sources. At this point in time, it is not evident that recently approved cost-recovery frameworks of UNDP, UNICEF, UNFPA and UN-Women are aligned with the provisions of the resolution.

Work of the United Nations development system moderately concentrated

The United Nations development system as a whole is moderately concentrated, with 50 programme countries, or 34 per cent of the total, accounting for some 80 per cent of all country-level expenditures in 2011. In 59 programme countries, or 40 per cent of the total, operational activities for development accounted for less than 10 per cent of total ODA in 2011.

The entities of the United Nations development system that reported country-level expenditures together had 1,998 relationships with 147 programme countries in 2011. About half of those relationships were significant in financial terms. In 2011, about one third of operational activities for development were carried out by entities with operations that can be characterized by an above-average degree of concentration.

Concept of critical mass under consideration

In resolution 67/226, the General Assembly requested the funds and programmes to develop common principles for the concept of critical mass of core resources and to present specific proposals to their respective governing bodies by the end of 2013, with a view to a decision by 2014. As at the time the present report was being finalized, the issue of critical mass of core resources had not yet been taken up by the executive boards of the funds and programmes. However, entities report that discussions on critical mass are taking place in preparation for their eventual presentation to the executive boards, in keeping with the timeline set out in the resolution on the quadrennial comprehensive policy review.

Recommendations

The Economic and Social Council may wish to:

1. Take note with appreciation of the report of the Secretary-General on analysis of funding of operational activities for development of the United Nations system for the year 2011;

2. Welcome the Secretary-General's continuous efforts to strengthen the coverage, timeliness, reliability, quality and comparability of system-wide data, including with regard to definitions and classifications, for financial reporting on operational activities for development;

3. Recognize that the report contains, among other things, the information, context and analyses that are relevant for the assessment of progress in the implementation of funding-related provisions of resolution 67/226 on the quadrennial comprehensive policy review of United Nations operational activities for development (sect. II, paras. 24-56);

4. Reaffirm in this regard those provisions of resolution 67/226 which cover (a) general principles; (b) enhanced overall funding, particularly core resources; (c) the improvement of the predictability and quality of resources; and (d) the ensuring of full cost recovery;

5. Approve the approach and methodology developed in the report for assessing progress in implementation and as summarized in the indicator framework (annex I) which itself forms part of the broader framework that has been developed for the assessment of progress in the implementation of resolution 67/226 in general;

6. Recognize that the report already contains some of the baseline data and information against which progress in the implementation of resolution 67/226 can be measured and that these will be further developed in the next report on this subject, which will be based on 2012 data.

Contents

		Page
	Acronyms	10
I.	Introduction	12
II.	Overview	15
III.	More detailed analysis	22
	A. Contributions	22
	B. Expenditures	32
IV.	Selected issues	40
	A. Predictability of core and non-core funding	40
	B. Burden-sharing	46
	C. Non-core funding and cost recovery	48
	D. Concentration and fragmentation	52
	E. Critical mass of core funding	56

Tables

1.	Change over time of funding for United Nations operational activities for development, 1996-2011	23
2.	Multi-donor trust funds, 2011	29
3.	"One United Nations" funds in 2011	30
4.	Local resources contributions to the United Nations system, 2011	31
5.	Expenditures on operational activities for development, 2006-2011	33
6.	Top 10 programme countries, 2011	34
7.	Programme expenditures in the top 10 programme countries, 2011	36
8.	Programme expenditures in the top 10 programme countries in terms of core resources, 2011	39
9.	High-level breakdown of development-related operational activities, 2011	50
10.	Fragmentation ratio in programme countries, 2011	55
11.	Country-level United Nations operational activities for development as a share of official development assistance, 2011	56

Figures

I.	Financing of United Nations system-wide activities, 2011	13
II.	Funding for United Nations operational activities for development, by type, 2011	16
III.	Real change over time of funding for United Nations operational activities for development, 1996-2011	16
IV.	Channels of multilateral aid, 2011	17
V.	Sources of funding for United Nations operational activities for development, 2011	18

VI. Main contributors to United Nations operational activities for development, 2011 18
VII. Main entities for United Nations operational activities for development, 2011 19
VIII. United Nations operational activities for development expenditures by region, 2011 20
IX. United Nations operational activities for development expenditures in the top 50 programme countries 21
X. Country-level United Nations operational activities for development as a share of official development assistance, 2011 22
XI. Average annual growth-rates of official development assistance and United Nations operational activities for development 24
XII. Main sources of funding, 1995-2011 25
XIII. Main contributors to United Nations development-related activities, 2011 26
XIV. Main entities for United Nations development-related activities, 2011 27
XV. Non-core funding modalities for United Nations development-related activities, 2011 28
XVI. United Nations operational activities for development expenditures by main entities 33
XVII. Expenditures on development-related activities, by region, 2011 35
XVIII. Development-related expenditures in the top 120 countries, 2011 35
XIX. Development-related operational activities by major country groupings, 2011 37
XX. Development-related operational activities by major country groupings, 2011: comparison of core, non-core and total funding 38
XXI. Development-related expenditures in the top 120 countries (core resources), 2011 39
XXII. Correlation between core and non-core components, 2011 40
XXIII. Voluntary contributions, 2005-2011: changes relative to 2005 41
XXIV. Changes in core contributions by top donors, 2006-2011 42
XXV. Changes in non-core contributions by top donors, 2006-2011 42
XXVI. Currency exchange rates, 2005-2011 43
XXVII. United Nation Children's Fund contributions — core 43
XXVIII. Core contributions by Development Assistance Committee countries relative to gross national income, 2011 47

Annexes

I. Indicator framework 57
II. Technical note on definitions, sources and coverage 62
III. Differences between United Nations and OECD/DAC reporting on contributions for United Nations operational activities for development 66
IV. Total official development assistance flows, 2011 68
V. Burden-sharing, 2011 69

VI. Concentration ratio of United Nations entities, 2011 70

VII. Country groupings 71

VIII. List of statistical tables posted on the website of the Development Cooperation Policy Branch, Office for Economic and Social Council Support and Coordination, Department of Economic and Social Affairs 79

Acronyms

CEB	United Nations Chief Executives Board for Coordination
DAC	Development Assistance Committee
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GNI	Gross national income
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
IOM	International Organization for Migration
ITC	International Trade Centre
ITU	International Telecommunication Union
ODA	Official development assistance
OECD	Organization for Economic Cooperation and Development
OHCHR	Office of the United Nations High Commissioner for Human Rights
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization

UNODC	United Nations Office on Drugs and Crime
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNV	United Nations Volunteers
UNWTO	World Tourism Organization
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

I. Introduction

Structure and coverage of the report

1. The present report focuses on the 37 United Nations system entities (funds, programmes and agencies) that received funding for operational activities for development in 2011. These entities constitute what is generally referred to as the United Nations development system and together accounted for over 95 per cent of all United Nations system-wide operational activities for development. Detailed statistical data used as the basis for the presentations and analyses in the present report are contained in the Statistical Annex which is available on the website of the Development Cooperation Policy Branch of the Office for Economic and Social Council Support and Coordination of the Department of Economic and Social Affairs of the Secretariat (www.un.org/esa/coordination/).

System-wide reporting: opportunities and challenges

2. There are currently three main actors who report on funding for the United Nations system: the Department of Economic and Social Affairs, the United Nations Chief Executives Board for Coordination (CEB) and the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC). The Department of Economic and Social Affairs and OECD/DAC focus on operational activities for development, each from a different perspective. CEB focuses more generally on the overall budgetary and financial situation of the entities of the United Nations system.

3. With regard to access to information, in its resolution 63/311, the General Assembly requested the Secretary-General to establish a central repository of information on United Nations operational activities for development. The first phase of this central repository became operational in 2012 as part of the financial statistics database and reporting system that is being developed by CEB. Through collaboration, the Department and the CEB secretariat already rationalized and harmonized part of the data collection for the present report. Work continues to further streamline and harmonize data-collection processes in order to reduce as much as possible the workload on the data providers.

4. Annex II contains a technical note on issues and challenges pertaining to system-wide reporting. These relate to the use of terminology, sources and coverage, as well as comparability of data and information between the different United Nations entities. Annex III presents the differences in the way the United Nations system and OECD/DAC report on core and non-core contributions and expenditures for United Nations operational activities for development.

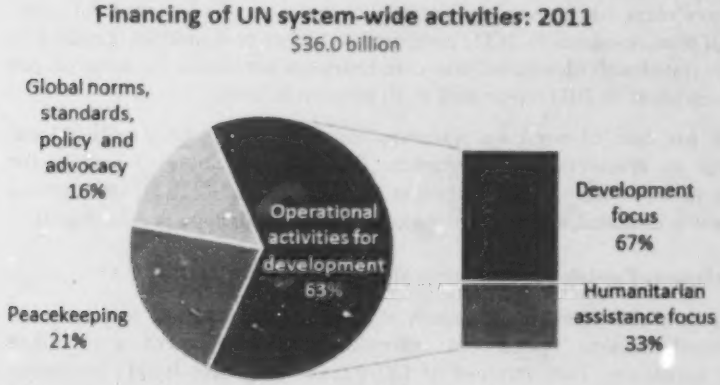
Operational activities for development

5. United Nations operational activities for development are activities that United Nations entities carry out with the promotion of development as the primary objective. A number of entities have specific mandates in this regard. United Nations operational activities for development cover both longer-term development activities (development-related) and those with a shorter-term humanitarian assistance (humanitarian assistance-related) focus.

6. With regard to the distinction between development-related and humanitarian assistance-related activities, no harmonized system-wide classification exists. For purposes of the present report, and pending the introduction of a harmonized classification system, all activities of UNHCR, UNRWA, and the Office for the Coordination of Humanitarian Assistance, emergency operations of UNICEF (some 26 per cent of all UNICEF activities) and humanitarian operations of the World Food Programme (WFP) (some 92 per cent of all WFP activities) are considered to be humanitarian assistance-related. Accordingly all other activities are treated as being development-related. Many of the more detailed analyses contained in the current report concern the development-related activities in particular.

7. As reflected in figure I, United Nations operational activities for development in 2011 accounted for about 63 per cent ($22.8 billion) of all United Nations system-wide activities ($36 billion). Peacekeeping operations accounted for 21 per cent ($7.6 billion) and the global norm and standard-setting, policy and advocacy functions of the United Nations system accounted for the remaining 16 per cent ($5.6 billion).

Figure I
Financing of United Nations system-wide activities, 2011


Financing of UN system-wide activities: 2011
$36.0 billion
Global norms, standards, policy and advocacy 16%
Operational activities for development 63%
Peacekeeping 21%
Development focus 67%
Humanitarian assistance focus 33%

Core and non-core resources

8. United Nations operational activities for development are funded by a combination of so-called core and non-core resources. Core resources are those that are commingled without restrictions and the use and application of which are directly linked to the entities' multilateral mandates and strategic plans that are approved by the respective governing bodies as part of an established intergovernmental process.

9. In contrast, and as determined by the contributors, non-core resources are mostly earmarked and thus restricted with regard to their use and application. There is therefore not necessarily a direct link between activities financed by non-core resources and the multilateral mandates and strategic plans approved by governing bodies. In some instances governing bodies formally approve the use of core resources while "taking note" of the use of non-core resources.

10. Core or unrestricted aid is generally seen as the most efficient way of building relevant and effective partnerships with programme countries in the delivery of operational activities for development. Core resources provide the highest quality, flexibility and efficiency of pooled funding. They are critical for ensuring that entities have adequate capacity to deliver on their multilateral mandates and provide continued substantive leadership and innovation around specific goals, advocacy and policy work in addition to programmatic implementation on the ground. Core resources are central to ensuring the United Nations development system's independence, neutrality and role as a trusted partner in a rapidly changing development cooperation landscape.

11. Restricted aid in the form of non-core resources, on the other hand, is often seen as potentially distorting programme priorities by limiting the proportion of funding that is directly regulated by intergovernmental governing bodies and processes. Restricted aid is further seen as contributing to fragmentation, competition and overlap among entities and providing a disincentive for pursuing United Nations system-wide focus, strategic positioning and coherence. In addition, restricted aid is found to increase transaction costs, especially because of its predominantly single-donor and programme-specific and project-specific nature.

12. Financing of United Nations operational activities for development in the form of non-core resources has grown significantly over time and accounted for some 72 per cent of total resources in 2011, compared to 50 per cent in 1996. Looking at development-related activities alone, non-core resources accounted for some 68 per cent of total resources in 2011, compared to 40 per cent in 1996.

13. Some 8 per cent of non-core resources are in the form of so-called local resources, that is, resources that programme countries contribute to entities for programming in the country itself. Whenever so indicated and deemed appropriate, this component is excluded in some of the analyses presented in the present report.

Official development assistance and other aid

14. The report makes several references to ODA when analyses are made to compare United Nations operational activities for development with other development assistance. Two versions of ODA (excluding debt relief) are being used, both as defined by OECD/DAC: (a) ODA provided by OECD/DAC Governments only (2011: $129.5 billion); and (b) total ODA (2011: $139.2 billion). Total ODA includes aid flows that are reported to OECD/DAC by countries that are not members of OECD/DAC. Annex IV provides further information on the different components of total ODA. It is understood that neither one of the above versions of ODA captures the totality of development cooperation.[1]

Current versus real terms

15. In this report, comparisons and trend analyses in "real terms" are based on amounts expressed in constant 2010 United States dollars by applying deflators published by OECD/DAC. These deflators take into account the combined effect of inflation and exchange rate movements.

[1] In this connection, the United Nations Secretariat estimates that private flows amounted to some $25 billion and South-South development cooperation to between $12.6 and $14.4 billion in 2010, expanding the notion of total development cooperation to some $178 billion.

Quadrennial comprehensive policy review: follow-up

16. In January 2013, the General Assembly passed resolution 67/226 on the quadrennial comprehensive policy review of United Nations operational activities for development. This regular report on funding of United Nations operational activities for development contains the information, context and analyses that are relevant for the assessment of progress in the implementation of funding-related provisions contained in the resolution (sect. II, paras. 24-56). As such, the report contains some of the baseline data and information against which progress can be measured. These will be further developed in the next report on this subject, which will be based on 2012 data. In order to facilitate the assessment of progress, a framework has been developed that identifies relevant information and analyses in the body of the current report according to how they relate to (a) the main topics addressed in the resolution on the quadrennial comprehensive policy review and (b) aspects of United Nations operational activities for development to which the comprehensive policy review attached particular importance, that is, overall coherence, relevance, effectiveness and efficiency. This framework is reflected in annex I to the present document and forms part of the broader framework that has been developed for the assessment of progress in the implementation of resolution 67/226 in general.[2] Each of the areas of information and analysis identified in the framework contains references to the relevant paragraphs in the present document. Similarly, and where appropriate, text in the body of the report refers to the framework. In future reports, the framework itself will contain a depiction to illustrate the general status of change and progress.

II. Overview

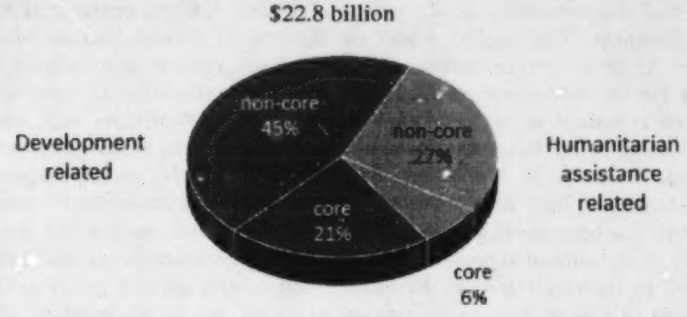
17. The present section provides a general overview of selected aspects of the funding for United Nations operational activities for development. Subsequent sections provide more detailed analyses, including of key trends, issues and perspectives.

Contributions

18. Total contributions for operational activities for development amounted to $22.8 billion in 2011. About two thirds ($15.2 billion) of that amount was directed towards development-related activities, with the other one third ($7.6 billion) spent on humanitarian assistance-related activities (see figure II below). Some 68 per cent of development-related contributions and 81 per cent of humanitarian assistance-related contributions were non-core and thus earmarked.

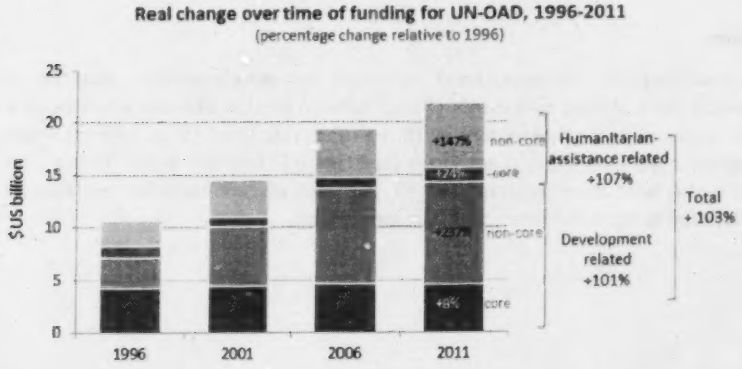
[2] A/68/...-E/2013/... Implementation of General Assembly resolution 67/226 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system.

Figure II
Funding for United Nations operational activities for development, by type, 2011



19. Despite the decline in both total and development-related contributions, in 2011, real-term growth of funding for United Nations operational activities for development has generally been positive over the period 1996 to 2011 for both development and humanitarian assistance-related activities. Growth in core resources has, however, been minimal compared to growth in non-core resources (see figure III). This development, the consequent imbalance between the two sources of financing and the adequate cost recovery of institutional support to non-core financed activities are central to the discussion about the critical mass required for United Nations entities to maintain and continually develop capacities to deliver on their multilateral mandates, including through core programme activities on the ground (see sect. IV.E).

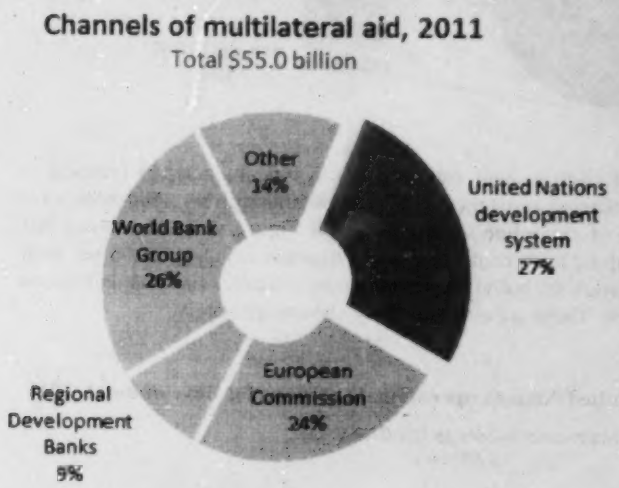
Figure III
Real change over time of funding for United Nations operational activities for development, 1996-2011



Share of multilateral aid and total official development assistance

20. When core and non-core contributions are combined, funding for United Nations operational activities for development (excluding local resources) represented some 15 per cent of total ODA flows (excluding debt relief) in 2011 and 11 per cent of ODA flows from DAC countries alone. The United Nations development system remains the single largest channel for direct multilateral funding as reported by OECD/DAC. This share is currently estimated at some 27 per cent (see figure IV).

Figure IV
Channels of multilateral aid, 2011



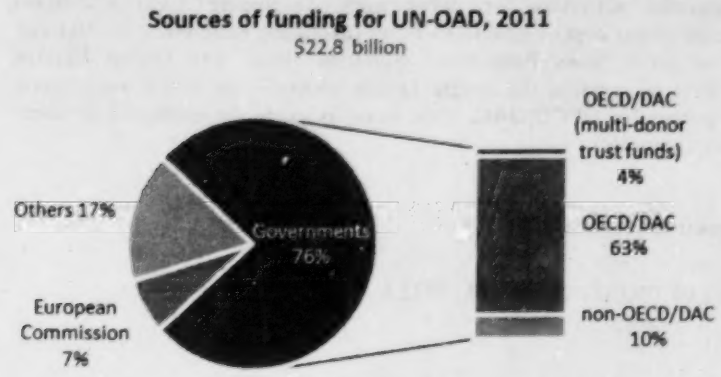
21. The above analysis can be seen, from a funding perspective, as indicative of the relevance of the United Nations system in overall and multilateral development cooperation (see annex I, II.A.2).

Sources of contributions

22. Some 76 per cent of total contributions in 2011 were made directly, by both DAC and non-DAC Governments (see figure V). This includes the contributions made to the so-called United Nations multi-donor trust funds, and are covered by the fund administration services of UNDP Multi-Partner Trust Fund Office on behalf of the United Nations development system.[3] The remaining 24 per cent is accounted for by the European Commission and by non-governmental organizations, public-private partnerships and other multilateral institutions (including global funds), which are themselves mostly financed by Governments.

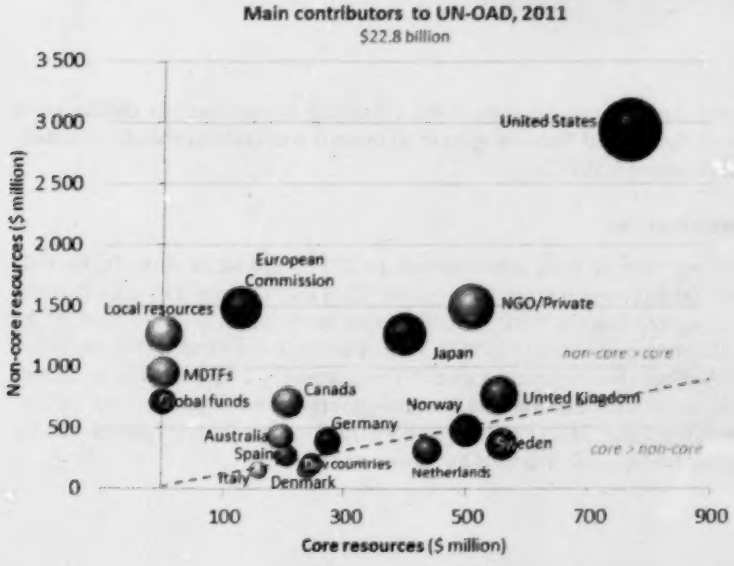
[3] Multi-donor trust funds were 85 per cent financed by DAC Governments in 2011 and are reflected separately.

Figure V
Sources of funding for United Nations operational activities for development, 2011



23. A complete list of contributions by contributor, type of activity (related to development and humanitarian assistance) and type of funding (core and non-core) is provided in table A-3 of the online statistical annex. Figure VI below shows this information for the group of main contributors that together account for 93 per cent of total funding. Information on individual contributors excludes their contributions to multi-donor trust funds. These are combined and shown separately.

Figure VI
Main contributors to United Nations operational activities for development, 2011

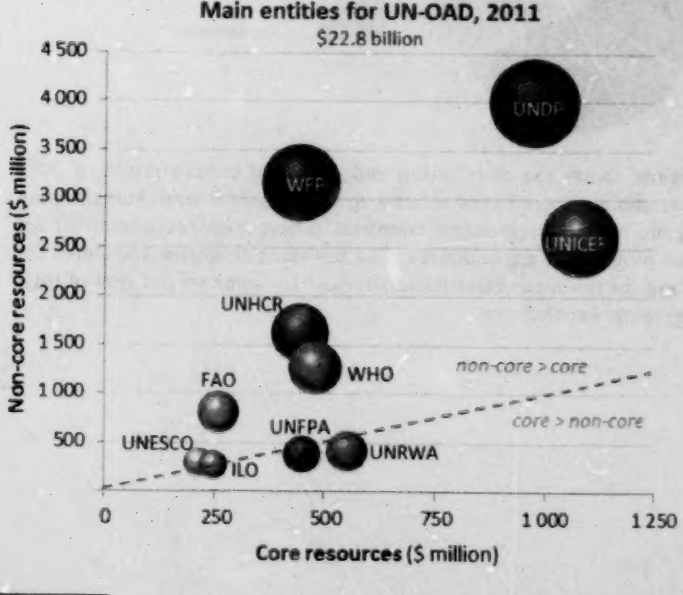


24. Total contributions from developing countries (excluding local resources) were some $562 million in 2011, and increased by some 16 per cent over the past five years in nominal terms. About half of this funding was in the form of core contributions and the other half in the form of non-core contributions. These contributions to United Nations operational activities for development are equivalent to some 6 per cent of the estimated $10 billion total South-South development cooperation, which is directed towards technical cooperation and capacity-building initiatives.[4] In addition, developing countries contributed some $1.3 billion in the form of non-core local resources for programming in the contributing country itself.

Largest United Nations entities

25. Funding for operational activities for development is concentrated in a relatively small number of United Nations entities, with the top 10 (UNDP, WFP, UNICEF, WHO, UNHCR, FAO, UNRWA, UNFPA, ILO and UNESCO) accounting for 88 per cent of all contributions in 2011. The top three entities accounted for some 54 per cent and UNDP alone for 22 per cent. The non-core component of funding for all main entities, except UNRWA and UNFPA, exceeds the core component (see figure VII). The other 27 entities, or 73 per cent of those covered by the present report, accounted for the remaining 12 per cent of funding. A full list of contributions over the past five years by entity and type of funding (core and non-core) is provided in table A-2 of the online statistical annex.

Figure VII
Main entities for United Nations operational activities for development, 2011

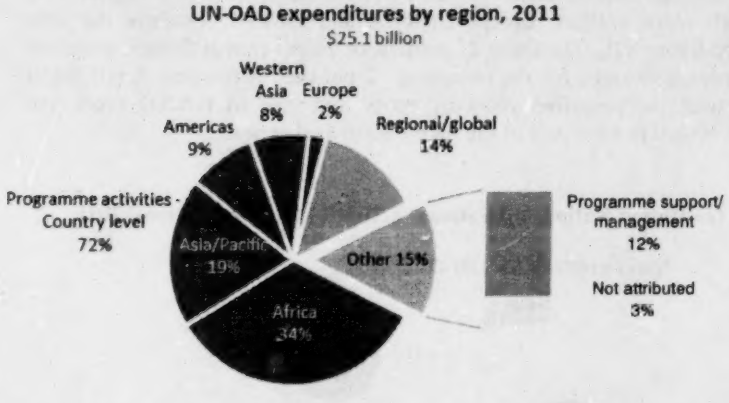


[4] In the context of the preparation of the 2012 *International Development Cooperation Report* of the Department of Economic and Social Affairs, the United Nations Secretariat estimates total South-South development cooperation to be between $12.6 and $14.4 billion in 2010, of which 75 per cent is focused on technical cooperation and capacity-building initiatives.

Expenditures

26. Some 72 per cent of the $25.1 billion in expenditures for United Nations operational activities for development in 2011 (including local resources) concerned programme activities at the country level (see figure VIII), of which $8.5 billion, or 47 per cent, were in Africa. Accordingly, some 28 per cent of total expenditures concerned programme activities at the regional and global levels, programme support and management, and activities that could not be attributed to any of the above categories. Programme support and management costs are those that in quadrennial comprehensive policy review-related discussions on cost recovery have been referred to as non-programme costs. Some entities refer to programme support as development effectiveness.

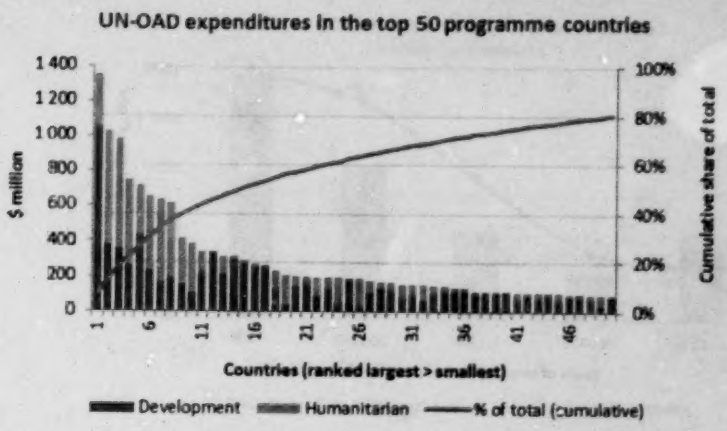
Figure VIII
United Nations operational activities for development expenditures by region, 2011



27. Figure IX below shows the distribution and degree of concentration of 2011 country-level programme expenditures related to development and humanitarian assistance among the top 50 programme countries. These together accounted for 80 per cent of total programme expenditures. The top three countries accounted for some 19 per cent and the top nine countries/territories[5] for some 40 per cent of total country-level programme expenditure.

[5] Sudan, Afghanistan, Pakistan, Ethiopia, Democratic Republic of the Congo, Somalia, Kenya, Occupied Palestinian Territories and Haiti.

Figure IX
United Nations operational activities for development expenditures in the top 50 programme countries

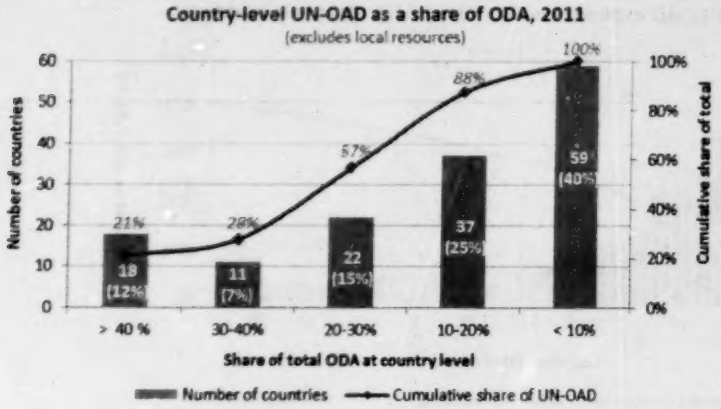


28. A full list of programme expenditures by programme country, type of activity (development- and humanitarian assistance-related) and type of funding (core and non-core) is provided in table B-2 of the online statistical annex.

29. A comparative analysis of total United Nations operational activities for development and total ODA at the country level (see figure X) shows that operational activities for development (excluding local resources) accounted for more than 40 per cent of total ODA in 18, or 12 per cent, of programme countries in 2011.[6] These 18 countries combined accounted for some 21 per cent of total country-level operational activities for development. At the other end of the spectrum, United Nations operational activities for development accounted for less than 10 per cent of total ODA in 59, or 40 per cent, of programme countries. This group of 59 countries accounted for some 12 per cent of total country-level operational activities for development. Most (60 per cent) of United Nations operational activities for development was in programme countries where operational activities for development accounted for between 10 and 30 per cent of total ODA. The above analysis can be seen as indicative, from a funding perspective, of the relevance of the United Nations system in overall development cooperation at the country level (see annex I, II.A.3).

[6] Argentina, Chad, China, Costa Rica, Cuba, Democratic People's Republic of Korea, Guinea-Bissau, Indonesia, Iran (Islamic Republic of), Malaysia, Philippines, Somalia, Sudan, Syrian Arab Republic, Thailand, Uruguay, Venezuela (Bolivarian Republic of), Zimbabwe.

Figure X
Country-level United Nations operational activities for development as a share of official development assistance, 2011



III. More detailed analysis

A. Contributions

General

30. Figure III and table 1 below show that longer-term funding trends for operational activities for development have been favourable. Total funding more than doubled in real terms between 1996 and 2011, with non-core contributions increasing to nearly three times the level in 1996. The average annual growth in total funding during this 15-year period was some 4.8 per cent in real terms. The growth has been particularly strong for development-related non-core contributions. In 2011 and in real terms, these reached a level of nearly three-and-a-half times that in 1996, corresponding with an average annual growth rate of 8.4 per cent. This very strong growth in non-core resources stands in stark contrast to what table 1 shows as a very modest average annual growth of 0.5 per cent in core resources. Contributions for humanitarian assistance-related activities, although by nature more subject to change from year to year, also experienced significant growth of 107 per cent in real terms between 1996 and 2011, with non-core funding increasing by 147 per cent.

Table 1
Change over time of funding for United Nations operational activities for development, 1996-2011

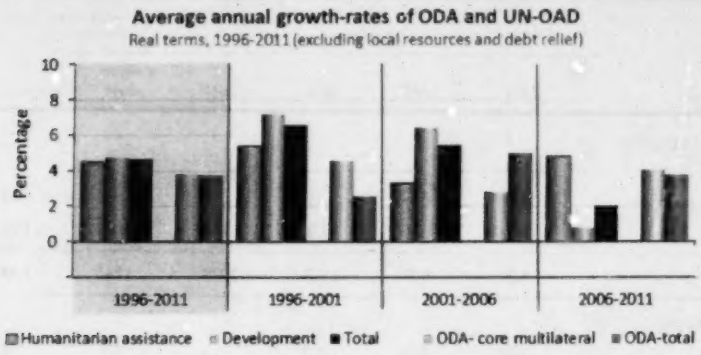
	Current US$ billion				*Percentage change 1996-2011*	
	1996	*2001*	*2006*	*2011*	*Nominal terms*	*Real terms*
Total operational activities for development						
Core	4.2	3.6	5.0	6.4	53	12
Non-core	4.1	6.1	12.3	16.4	300	195
Total	**8.3**	**9.7**	**17.3**	**22.8**	**176**	**103**
Development related						
Core	3.2	2.9	4.2	4.9	51	8
Non-core	2.2	3.6	8.1	10.3	369	237
Total	**5.4**	**6.6**	**12.3**	**15.2**	**179**	**101**
Humanitarian assistance related						
Core	0.9	0.7	0.9	1.5	62	24
Non-core	1.9	2.5	4.2	6.1	221	147
Total	**2.8**	**3.1**	**5.0**	**7.6**	**169**	**107**

31. In the shorter term, funding trends have been more even. Over the past four years, total contributions remained at approximately the same level with some modest nominal growth in development-related funding offset by a decrease in humanitarian assistance-related activities. In addition, core funding for development-related activities declined by 3 per cent in 2011 in real terms compared to 2010. This follows a 4 per cent decline in development-related core funding in 2010.

Share of Organization for Economic Cooperation and Development/Development Assistance Committee multilateral aid and total official development assistance

32. United Nations operational activities for development were equivalent to 15 per cent of OECD/DAC-reported total ODA flows (excluding debt relief) in 2011. Figure XI compares average annual real-term growth rates of total operational activities for development and its development and humanitarian assistance-related components (excluding local resources) with those of total ODA and core multilateral ODA (excluding debt relief).

Figure XI
Average annual growth-rates of official development assistance and United Nations operational activities for development



33. Between 1996 and 2006, contributions to United Nations operational activities for development grew faster in real terms than both total ODA and core multilateral ODA. That was the case during the period from 1996 to 2001. However, since 2006, total funding for operational activities for development has grown for the first time at a slower pace than total ODA flows, which points to a declining trend in the share of total ODA being channelled through the United Nations development system. In the context of the 2013 survey of resident coordinators, respondents were asked how they expected the share of the United Nations development system of total ODA to change in their countries. Some 62 per cent of resident coordinators expected the share to either stay about the same (27 per cent) or to decrease somewhat (36 per cent). Among significant factors that would influence downward trends, resident coordinators mentioned the expected overall decline in ODA and the negative impact on ODA allocations as a result of countries graduating from the low to middle-income group. The increase of the use by donors of other funding modalities, such as direct budgetary support, was also mentioned. Few answers pointed at self-reflection on performance issues that are internal to the United Nations development system itself, although insufficient advancement of United Nations reform, fragmentation, lack of a strategy for joint resource mobilization and internal competition for funding were mentioned as factors behind declining shares.

Preliminary data for 2012

34. At this stage, the change in accounting standards in 2012 from the United Nations System Accounting Standards (UNSAS) to the International Public Sector Accounting Standards (IPSAS) by a number of entities[7] does not allow for meaningful comparisons between the figures for 2012 and previous years. For instance, under IPSAS, revenue is recorded at the earlier stage of either cash received or signature of a formal agreement with the donor. Accordingly, and as an example, more revenue may be recorded in 2012 than would have been the case under UNSAS. The impact of the introduction of IPSAS on trend analysis will be reviewed in greater detail in the next report on this subject, which will be based on 2012 data.

[7] ILO, UNDP, UNICEF, UNFPA, UNHCR, UNICEF, UNRWA, UN-Women and WHO.

35. With the above qualification in mind, total contributions for United Nations operational activities for development in 2012 are estimated to have reached $23.9 billion. This corresponds to an estimated 5 per cent increase in nominal terms compared to 2011. The share of core funding dropped slightly to 27 per cent. The preliminary estimate for total funding in 2012 to development-related activities is $15.6 billion, a nominal increase of 3 per cent compared to 2011. Some 32 per cent of this amount was core funding, the same share as in 2011.

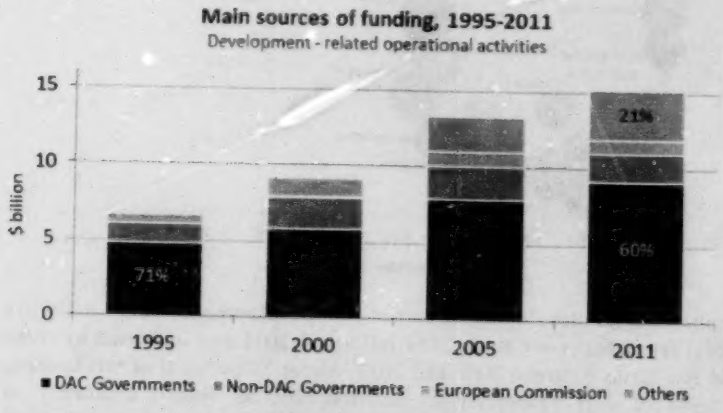
Sources of funding

36. Figure III provided a general overview of the real-term growth of funding for United Nations operational activities for development over the period from 1996 to 2011 broken down by development and humanitarian assistance-related activities. Figure V shows the current main sources of financing. The following will focus on development-related activities in particular.

Development-related activities

37. Figure XII further examines changes in the main sources of financing for development-related activities only (67 per cent of total United Nations operational activities for development). By the end of the period from 1995 to 2011, four distinct groups of contributors emerge, indicating a broadening of the funding base for development-related operational activities for development over time. While DAC countries increased their contributions by 71 per cent in real terms to $9.2 billion in 2011, their corresponding share of total resources declined from 71 per cent in 1995 to 60 per cent in 2011.

Figure XII
Main sources of funding, 1995-2011

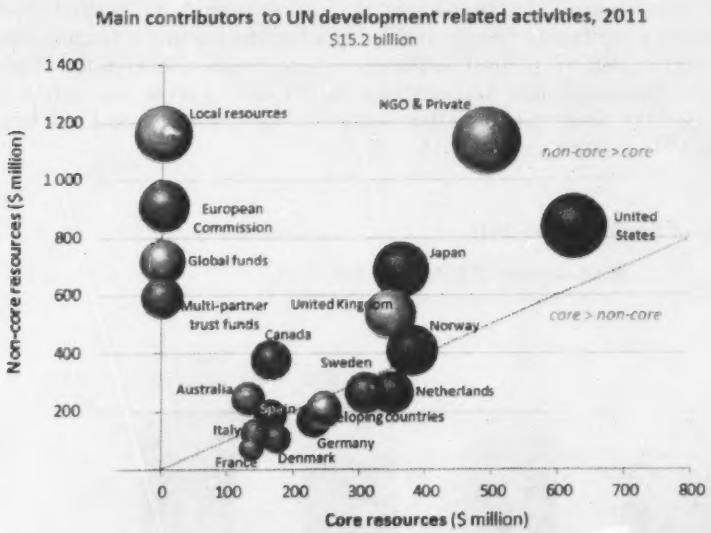


38. Increased funding by multilateral organizations (other than the European Commission), non-governmental and private sources has been the most significant funding trend over the past 15 years. In 2011, development-related contributions from this group amounted to some $3.3 billion, or roughly 21 per cent of the total, with major sources as follows: global funds ($716 million); intergovernmental organizations other than the European Commission ($481 million); and

non-governmental organizations and private sources ($1,625 million). The latter category includes contributions by UNICEF national committees (estimated to be $939 million). In 2005, the share was 17 per cent, indicating that the broadening of the funding base has continued in the shorter term.

39. Similar to figure 6, figure XIII below provides further comparative information on contributions by total and type of funding (core and non-core) by main contributors that together account for 93 per cent of total funding for development-related activities. The core component of contributions by DAC Governments for development-related activities (excluding contributions to multi-donor trust funds) increased from 43 per cent in 2010 to 47 per cent in 2011. This indicates that the global imbalance between core and non-core resources for development-related activities is not primarily driven by direct contributions by DAC Governments, but by funding from other sources such as the European Commission and global funds in particular (themselves mostly financed by DAC Governments).

Figure XIII
Main contributors to United Nations development-related activities, 2011

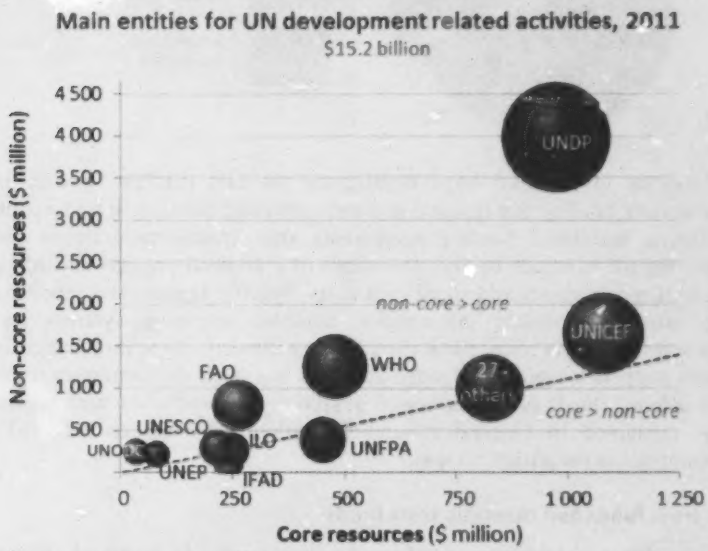


40. Contributions from developing countries for development-related activities (excluding local resources) were some $451 million in 2011 and increased by some 13 per cent in real terms between 2006 and 2011. About 54 per cent of this funding was in the form of core resources. In addition, and as shown separately in figure XIII, developing countries contributed some $1.2 billion in the form of non-core local resources for development-related activities in their own countries.

41. Figure XIV shows contributions for development-related activities by main entities, with the top 10 (UNDP, UNICEF, WHO, FAO, UNFPA, ILO, UNESCO, IFAD, UNEP and UNODC) accounting for 88 per cent of all contributions for development-related activities in 2011. The top three entities accounted for over 60 per cent and UNDP, as by far the largest entity alone, for some 33 per cent. The

other 27 entities — or 73 per cent of those covered by the present report — accounted for the remaining 12 per cent. The non-core component of funding for almost all entities exceeds the core component, sometimes by a significant margin. In the case of UNDP,[8] non-core contributions in 2011 accounted for 80 per cent of total contributions. Of these, about 37 per cent was accounted for by local resources (23 per cent) and two global funds, namely, the Global Fund to Fight AIDS, Tuberculosis and Malaria (9 per cent) and the Global Environment Facility (5 per cent).

Figure XIV
Main entities for United Nations development-related activities, 2011



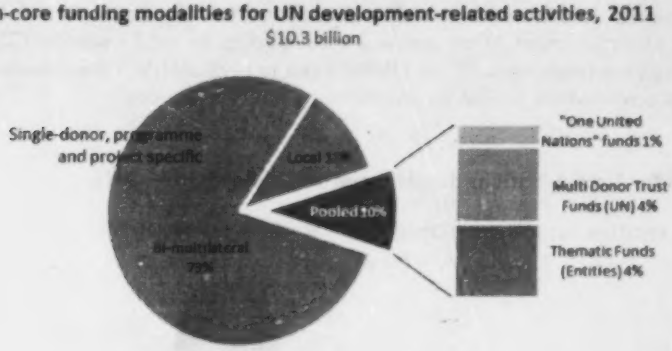
Non-core funding modalities

General

42. In 2011, some 90 per cent of non-core funding, including local resources, was mainly single-donor and specific to programmes and projects (see figure XV). Contributions to pooled funding arrangements, such as thematic funds of entities and multi-donor trust funds, including "One United Nations" funds, accounted for the remaining 10 per cent of non-core resource flows. The dominance of single-donor contributions and those specific to programmes and projects, in particular, reflects the high degree of fragmentation of non-core funding.

[8] Excluding funds administered by UNDP in 2011, such as UNCDF, United Nations Statistical Office, UNV, UNDP Energy account.

Figure XV
Non-core funding modalities for United Nations development-related activities, 2011


Non-core funding modalities for UN development-related activities, 2011
$10.3 billion
Single-donor, programme and project specific
Local 1%
Pooled 10%
Bi-multilateral 79%
"One United Nations" funds 1%
Multi Donor Trust Funds (UN) 4%
Thematic Funds (Entities) 4%

43. Many reviews in the past have highlighted the fact that the growth in fragmented non-core funding has resulted in a corresponding increase in transaction costs. Negotiating individual funding agreements and separate programme and financial reporting for hundreds or even thousands of individual projects according to varying sets of requirements add significant costs. Specific support and reporting requirements often fall outside the entities' standard operating systems and managerial processes. In this connection, the adequate recovery of institutional costs associated with support to non-core funded activities has been and continues to be the subject of debate. This is further reviewed in section IV.C, including with regard to provisions contained in General Assembly resolution 67/226 on the 2012 quadrennial comprehensive policy review.

Multi-donor trust funds and thematic trust funds

44. Both multi-donor trust funds and thematic trust funds are forms of pooled resources and thus a more flexible form of non-core contributions. While the thematic trust funds are specific to and administered by an individual entity, the multi-donor trust funds concern multi-entity operations and are covered by the dedicated fund administration services of the UNDP Multi-Partner Trust Fund Office on behalf of the United Nations development system. The emergence of these two types of funds can be seen as a result of efforts by the international community to promote enhanced aid effectiveness, counterbalancing high fragmentation as a result of the predominantly single-donor and single-programme and project-specific nature of non-core resource flows.

45. Table 2 below provides information on main contributors to multi-donor trust funds in 2011 and main participating entities, based on the amounts that the Multi-Partner Trust Fund Office as administrative agent transferred to them in 2011 for programme implementation. UNDP and UNICEF together implement some 45 per cent of activities financed from multi-donor trust funds.

Table 2
Multi-donor trust funds, 2011

	Main contributors			*Main entities*		
Rank	*Donor*	*Contributions (millions of dollars)*	*Share of total (percentage)*	*United Nations entity*	*Transfers received (millions of dollars)*	*Share of total (percentage)*
1	United Kingdom of Great Britain and Northern Ireland	260	32	UNDP	356	33
2	Norway	116	14	UNICEF	126	12
3	IDA	111	13	FAO	76	7
4	Sweden	97	12	Office for the Coordination of Humanitarian Affairs/NGO	65	6
5	Netherlands	53	7	IOM	49	5
6	Australia	39	5	WFP	47	4
7	Denmark	34	4	United Nations Office for Project Services	46	4
8	Ireland	21	3	WHO	33	3
9	Spain	18	2	UNFPA	30	3
10	Japan	17	2	ILO	28	3

46. In response to General Assembly resolution 64/289 on system-wide coherence, information on all existing multi-donor trust funds and thematic trust funds, including information on their mandates, performance and governance structures, was made available in 2010. This comprehensive information can be found on the website of the Development Cooperation Policy Branch of the Office for Economic and Social Council Support and Coordination of the Department of Economic and Social Affairs (www.un.org/esa/coordination/dcpb_stat.htm).

"One United Nations" funds

47. "One United Nations" funds are multi-donor trust funds that were established specifically to support the "Delivering-as-one" pilot initiatives by providing principally unearmarked resources to cover funding gaps in "One United Nations" programmes. "One United Nations" funds represent an innovation to support system-wide coherence of the work of the United Nations development system at the country level. In response to General Assembly resolution 64/289, an independent evaluation of the "Delivering-as-one" experience, including the "One United Nations" funds, was submitted at the sixty-sixth session of the Assembly as part of the 2012 quadrennial comprehensive policy review (A/66/859).

48. Table 3 shows the amounts channelled through "One United Nations" funds, with an indication of their share of total development-related expenditures of the United Nations development system in the eight "Delivering-as-one" pilot countries

and, combined, in 13 other countries that subsequently adopted the "Delivering-as-one" approach on a voluntary basis. The share of "One United Nations" funds of development-related expenditures in the eight pilot countries combined was about 14 per cent (from as high as 24 per cent in Albania to as low as 4 per cent in Pakistan and Uruguay). The share was about 9 per cent for all countries with a "One United Nations" fund combined. The success of the "One United Nations" funds as part of an integrated funding framework for the United Nations development system has therefore been moderate.

Table 3
"One United Nations" funds, 2011

Recipient country	*"One United Nations" fund expenditures*	*Total development-related expenditures*	*"One United Nations" fund share of total (percentage)*
	(millions of United States dollars)		
Pilot countries			
Albania	7	31	24
Cape Verde	4	19	21
Mozambique	16	136	12
Pakistan	15	352	4
Rwanda	14	74	19
United Republic of Tanzania	25	123	20
Uruguay	1	32	4
Viet Nam	25	113	22
Subtotal	**107**	**789**	**14**
Non-pilot countries	21	630	3
Total	**129**	**1 509**	**9**

Local resources

49. Contributions to entities in the form of local resources for programming in contributors' own countries reached a peak in 2007, amounting to some $2.2 billion, or some 11 per cent, of all contributions to the United Nations development system. This type of funding has since been in steep decline to some $1.3 billion, or about 6 per cent, of total contributions in 2011, a level comparable to the mid-1990s. Almost all the decline in local resources contributions between 2007 and 2011 can be attributed to UNDP where, in line with the UNDP strategic plan 2008-2013, such funding decreased from nearly $1.6 billion, or about one third, of total contributions in 2007 to about $905 million, or 18 per cent, of total contributions in 2011. Table 4 provides information on main contributors of local resources and main entities involved in 2011.[9] Some 71 per cent of all local resources contributions are channelled through UNDP.

[9] In some instances local resources represent loans received by countries from development banks which are channelled through United Nations entities for administration of project funds.

Table 4
Local resources contributions to the United Nations system, 2011

Main contributors				Main entities		
Rank	*Country*	*Local resources (millions of United States dollars)*	*Share of total contributions (percentage)*	*United Nations entity*	*Local resources (millions of United States dollars)*	*Share of total contributions (percentage)*
1	Argentina	311	24	UNDP	905	71
2	Brazil	142	11	ICAO	98	8
3	Egypt	93	7	UNICEF	80	6
4	Colombia	74	6	FAO	53	4
5	Afghanistan	65	5	UNESCO	42	3
6	Peru	43	3	UNODC	37	3
7	Panama	43	3	WFP	34	3
8	Saudi Arabia	34	3	UNCTAD	14	1
9	China	34	3	UN-Habitat	4	0
10	Mexico	31	2	WMO	3	0

Joint programmes

50. While not a separate type of third-party pooling funding modality, joint programmes can be regarded as a form of resources pooling by United Nations entities developed to contribute to making United Nations operational activities for development more coherent, effective and efficient. A joint programme is a set of activities contained in a common workplan and related budget, involving two or more United Nations organizations and (sub)national partners.[10] The workplan and budget form part of a joint programme document, which also details roles and responsibilities of partners in coordinating and managing the joint activities. The joint programme document is signed by all participating organizations and (sub)national partners. Joint programmes are mostly financed from non-core resources, through any combination of the above non-core funding modalities.

51. No central database exists on the basis of which status and trends with regard to joint programmes can be assessed. However, the United Nations Development Group completed a comprehensive review of the joint programme mechanism in early 2013. Based on information collected for this review, including through surveys, some assessment can be made of the share of overall resources that is programmed and managed through the joint programme mechanism.

52. Some 37 per cent of joint programmes are funded by global multi-donor trust funds, most of which have a global secretariat and specific guidelines; 24 per cent by "One United Nations" country funds and 11 per cent by stabilization and recovery funds, both sets of which have country-level steering committees; and 28 per cent are stand-alone joint programmes. Nearly 90 per cent of the 526 joint programmes in the current records of the Multi-Partner Trust Fund Office, UNICEF and UNFPA are funded on a so-called pass-through basis. Under this option, two or

[10] See Guidance Note on Joint Programming, United Nations Development Group, 2003.

more organizations develop a joint programme, identify funding needs and submit a joint programme document to donors or steering committees for funding. The funds are channelled through an administrative agent.

53. The United Nations Development Group review estimated the value of new joint programmes established in 2011 at $272 million, confirming a downward trend since 2008, when the value reached a peak of $618 million. On the assumption that most joint programmes cover development-related activities, the 2011 value is equivalent to less than 3 per cent of total non-core contributions for development-related activities. From a financial perspective, the share of contributions that are programmed and managed through joint programmes is therefore not significant and declining.

54. The results of the separate 2013 survey of resident coordinators confirm that the share of funds programmed and managed under joint programmes is not significant. Some 92 per cent of resident coordinators indicated, however, that opportunities exist to make more use of the mechanism. Among the top four factors that according to resident coordinators interfere with the success of joint programmes is the fact that joint programmes are primarily treated as an opportunity for resources mobilization. Other top four factors identified as interfering with success are the focus of agencies on their own mandate and results rather than on joint programmes; that there is a general lack of accountability to joint programme management; and that results frameworks are unclear and monitoring is weak. The findings of the survey of resident coordinators affirm the generally held view that there exist limited incentives for United Nations entities to engage in joint programmes.

55. Also because of their relevance to the assessment of the implementation of resolution 67/226 on the 2012 quadrennial comprehensive policy review, status and trends of joint programmes and pooled funding will continue to be reviewed in the context of future reports on this subject (see annex I, II.B.6).

B. Expenditures

Total expenditures

56. Table 5 below provides an overview of expenditures over the period 2006-2011 by total and by type of activities (development-related and humanitarian assistance-related). Figure VIII shows that some 72 per cent of expenditures for United Nations operational activities for development in 2011 concerned programme activities at the country level, of which 47 per cent, or $8.5 billion, were in Africa. Accordingly, some 28 per cent of total expenditures related to programme activities at the regional and global levels, programme support and management, and activities that could not be attributed to any of the above categories.

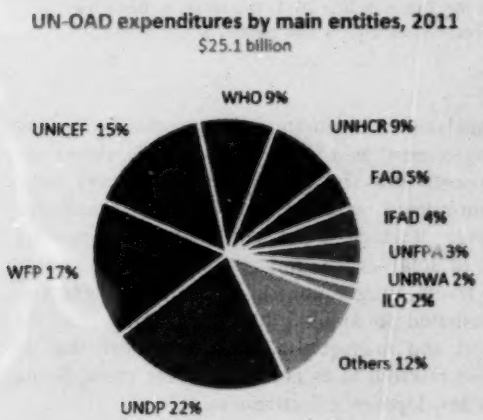
57. Development-related expenditures grew by some 19 per cent in real terms, or 4 per cent annually on average, between 2006 and 2011, with the most significant annual increase (16 per cent in real terms) recorded in 2009. This illustrates that the United Nations development system is able to sizeably scale up its operations when called upon by the international community to do so.

Table 5
Expenditures on operational activities for development, 2006-2011

	Current (billions of United States dollars)						*Percentage change 2006-2011*	
	2006	*2007*	*2008*	*2009*	*2010*	*2011*	*Nominal terms*	*Real terms*
Development-related	12.1	13.1	13.9	15.7	16.3	17.2	42	19
Humanitarian assistance-related	4.9	5.2	6.6	7.1	7.5	7.9	62	36
Total expenditures	**17.0**	**18.4**	**20.5**	**22.8**	**23.9**	**25.1**	**48**	**24**

58. As shown in figure XVI, 10 United Nations entities accounted for 88 per cent of total expenditures for operational activities for development in 2011, with the remaining 12 per cent accounted for by 27 entities.

Figure XVI
United Nations operational activities for development expenditures by main entities, 2011



59. Figure IX above shows the distribution and degree of concentration of 2011 country-level development and humanitarian assistance-related programme expenditures, among the top 50 programme countries. These together accounted for 80 per cent of total programme expenditures. Table 6 below shows the top 10 programme countries which together accounted for 45 per cent of total country-level expenditures in 2011, with an indication of expenditures per capita. Table B-2 of the online statistical annex provides a complete list of programme expenditures by programme country, type of activity (development-related and humanitarian assistance-related) and type of funding (core and non-core).

Table 6
Top 10 programme countries, 2011

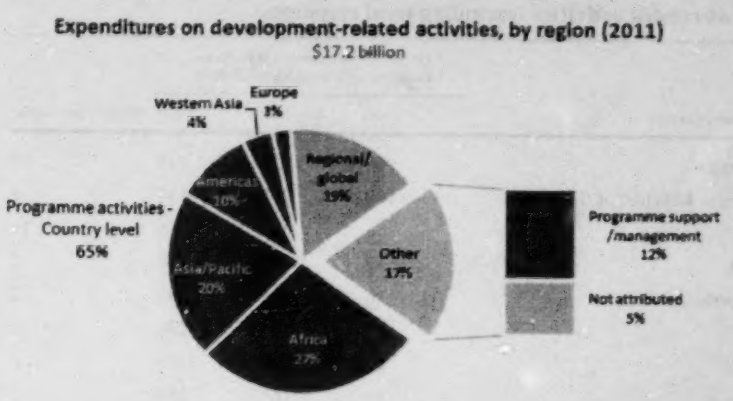
Rank	Programme country	Expenditures (millions of United States dollars)			Total expenditures (dollars per capita)
		Total	Development-related	Humanitarian assistance-related	
1	Afghanistan	1 352	1 054	299	38
2	Sudan[a]	1 031	380	651	30
3	Pakistan	985	352	633	6
4	Ethiopia	753	257	496	9
5	Democratic Republic of the Congo	719	439	279	11
6	Somalia	660	232	428	69
7	Kenya	638	170	468	15
8	Occupied Palestinian Territory	622	189	432	155
9	Haiti	416	153	263	41
10	Chad	386	102	285	34

[a] South Sudan gained independence from the Sudan in July 2011; therefore, some of the expenditures shown under Sudan were realized in what is now part of South Sudan.

Development-related activities

60. While figure VIII contains an analysis of expenditure components for United Nations operational activities for development as a whole, figure XVII shows the analysis for development-related expenditures (including local resources) only. Some 65 per cent of development-related expenditures in 2011 concerned programme activities at the country level, of which 42 per cent, or $4.7 billion, were in Africa. Accordingly, 35 per cent of total expenditures concerned programme activities at the regional and global levels, programme support and management, and activities that could not be attributed to any of the above categories. As mentioned earlier, programme support and management costs are those that in discussions on cost recovery have been referred to as non-programme costs. Some entities refer to programme support as development effectiveness.

Figure XVII
Expenditures on development-related activities, by region, 2011



61. Figure XVIII provides an overview of the general distribution and degree of concentration of 2011 development-related programme expenditures (excluding local resources) by country and by type of funding (core and non-core) ranked according to decreasing total expenditure. For presentation purposes, expenditures in excess of $300 million are not shown. Table 7 shows the top 10 programme countries which together accounted for close to 37 per cent of total development-related expenditures in 2011 with an indication of expenditures per capita.

Figure XVIII
Development-related expenditures in the top 120 countries, 2011

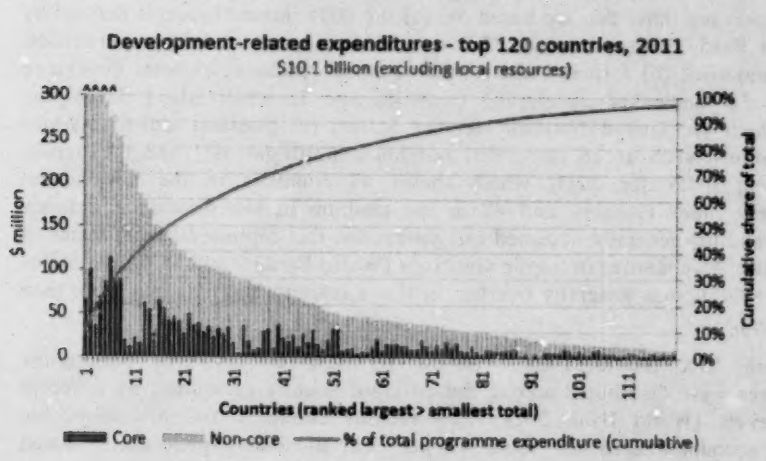


Table 7
Programme expenditures in the top 10 programme countries, 2011
Development-related activities (excluding local resources)

Rank	Programme country	Development-related expenditures (millions of United States dollars) Core	Non-core	Total	Dollars per capita
1	Afghanistan	65	970	1 035	29
2	Democratic Republic of the Congo	100	337	437	6
3	Sudan	36	343	378	11
4	Pakistan	69	280	348	2
5	Bangladesh	86	206	293	2
6	India	113	162	276	0
7	Ethiopia	86	170	256	3
8	Nigeria	89	163	253	2
9	Somalia	19	203	222	23
10	Iraq	12	202	214	7

Development-related programme expenditure by country groupings

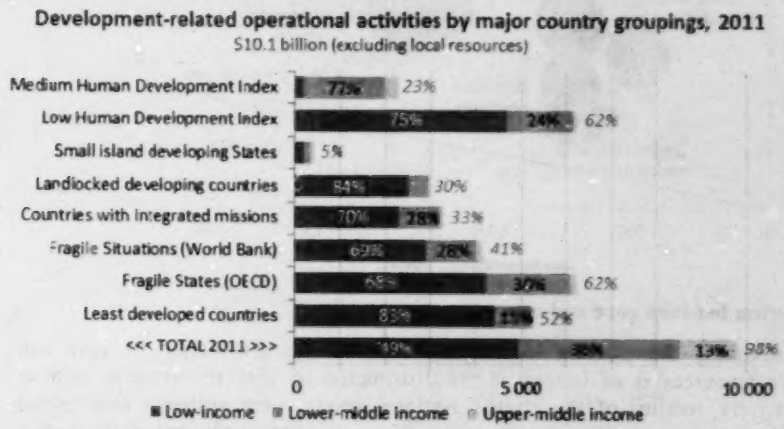
62. For review of operational activities for development and development assistance in general, reference is often made to country groupings that are based on certain common attributes and characteristics. Some of the groupings are based on defined, intergovernmentally agreed lists while others are not. The latter is the case with regard to groupings based on attributes like conflict/post-conflict, crisis/post-crisis and different forms of transition. The groupings used for analysis in the present report are those that are based on: (a) the 2011 income brackets defined by the World Bank: 36 low-income, 55 lower-middle income and 54 upper-middle income countries; (b) formal United Nations categorizations: 49 least developed countries, 31 landlocked developing countries and 38 small island developing States, which are United Nations Member States; (c) informal United Nations categorizations, such as 18 integrated mission countries/areas[11] and the human development index for 2011, which shows 47 countries in the low human development index category and 47 in the medium human development index category; and (d) generally accepted categorizations that capture different states of vulnerability: 35 countries in fragile situations (World Bank)[12] and 48 fragile States (OECD).[13] Groupings generally overlap, in that a country may fall into more than one category.

63. Figure XIX provides an overview of how country-level programme expenditures were distributed among the different country groupings, by different income levels (World Bank 2011). Low-income countries and middle-income countries accounted each for some 49 per cent of total expenditure.[14] Least

[11] United Nations peace operations and development activities are pursued in an integrated manner.
[12] Harmonized list of World Bank, African Development Bank and Asia Development Bank.
[13] Expanded list based on the World Bank list of countries in fragile situations.
[14] The remaining 2 per cent were allocated to high-income countries.

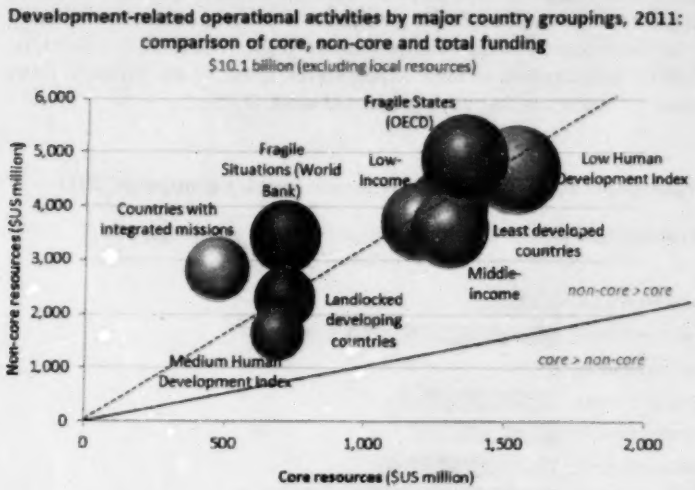
developed countries accounted for some 52 per cent of total expenditure, 83 per cent of which was in low-income least developed countries and 15 per cent in lower-middle income least developed countries. Countries with a low human development index accounted for some 62 per cent of expenditures, about three quarters of which were in low-income countries. Since 2005, a number of programme countries have graduated from the low-income to the middle-income group. Some $2.0 billion, or 19 per cent, of 2011 development-related expenditures spent at the country level concerned the group of countries that have graduated since 2005.

Figure XIX
Development-related operational activities by major country groupings, 2011



64. Figure XX provides a different view of how country-level programme expenditures were distributed among the different country groupings by examining how total expenditures for each group and the two main sources of funding (core and non-core) compare. The figure shows that there is no marked difference between the core/non-core ratio for groupings such as landlocked developing countries, low-income, least developed countries, States in the low human development index and fragile category (OECD). The ratio is markedly lower for groupings such as the United Nations integrated mission countries/areas and fragile situations (World Bank) and somewhat higher for the medium and middle-income human development index groupings.

Figure XX
Development-related operational activities by major country groupings, 2011: comparison of core, non-core and total funding



Correlation between core and non-core

65. Examining the possible correlation between the distribution of core and non-core resources is of interest if the distribution of core resources is seen as reflecting the totality of the United Nations development system's multilateral mandates and resource allocation strategies that were approved by governing bodies as part of intergovernmental processes. For purposes of the analysis, a perfect correlation would mean that for all countries, their individual share of non-core resources would be the same as their share of core resources. In this regard, similar to figure XVIII, figure XXI again provides the overview of the general distribution and degree of concentration of 2011 development-related programme expenditures (excluding local resources) by country and by type of funding (core and non-core), only now, with countries sorted according to decreasing total core expenditures. The cumulative share of total core expenditures is also shown. For presentation purposes, as in the past, expenditures in excess of $300 million are not shown. Table 8 shows the top 10 programme countries (core resources), which together accounted for some 30 per cent of core and 35 per cent of non-core development-related country-level programme expenditures in 2011, excluding local resources.

Figure XXI
Development-related expenditures in the top 120 countries (core resources), 2011

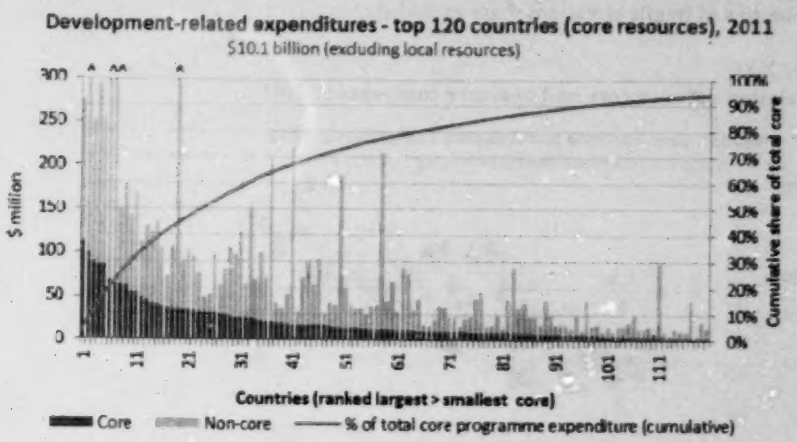

Development-related expenditures - top 120 countries (core resources), 2011
$10.1 billion (excluding local resources)
$ million
Cumulative share of total core
Countries (ranked largest > smallest core)
Core
Non-core
% of total core programme expenditure (cumulative)

Table 8
Programme expenditures in the top 10 programme countries in terms of core resources, 2011
Development-related activities (excluding local resources)

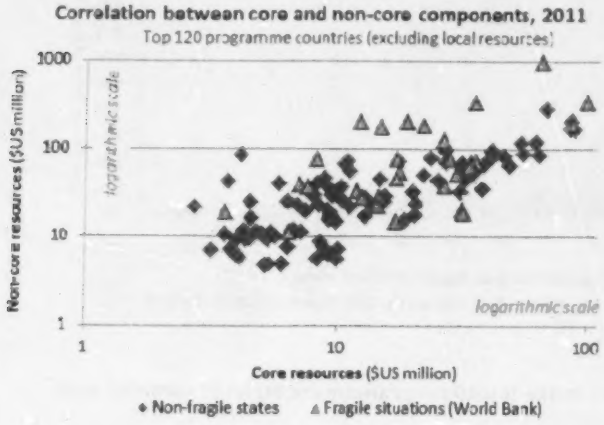
Rank	Programme country	*Development-related expenditures (millions of United States dollars)*			*Core expenditures per capita (dollars)*
		Core	*Non-core*	*Total*	
1	India	113	162	276	0
2	Democratic Republic of the Congo	100	337	437	6
3	Nigeria	89	163	253	2
4	Bangladesh	86	206	293	2
5	Ethiopia	86	170	256	3
6	Pakistan	69	280	348	2
7	Afghanistan	65	970	1 035	29
8	China	64	85	149	0
9	Indonesia	62	118	180	1
10	Uganda	55	88	143	4

66. The 2011 correlation, which is based purely on financial data, is depicted in figure XXII, which shows, on logarithmic scales, the relationship between core and non-core components of expenditures for each of the top 120 programme countries. The Pearson product-moment correlation coefficient, if used as an indicator, would suggest that the correlation for the United Nations development system as a whole can be considered as moderate.[15]

[15] Pearson product-moment correlation coefficient (PPMC): 0.56 (PPMC of 1 would indicate a perfect correlation).

67. This correlation can be further examined for the impact of income and special development situations. The analysis shows that the correlation is stronger if the 31 countries in fragile situations[16] are excluded.

Figure XXII
Correlation between core and non-core components, 2011



68. It is important to note that the correlation as analysed: (a) applies to the United Nations development system as a whole; (b) is purely financial in character; and (c) does not necessarily indicate a causal relationship between the amount of core and non-core resources. Given the composition of the United Nations development system with over 37 individual entities and the fragmented nature of non-core funding, causal relationships would be very much dependent on how activities form part of a deliberately integrated and coherent system-wide programming and resource mobilization framework such as the United Nations Development Assistance Framework. The usefulness and applicability of correlation reviews such as the one used above will continue to be explored and refined in future reports.

IV. Selected issues

A. Predictability of core and non-core funding

General

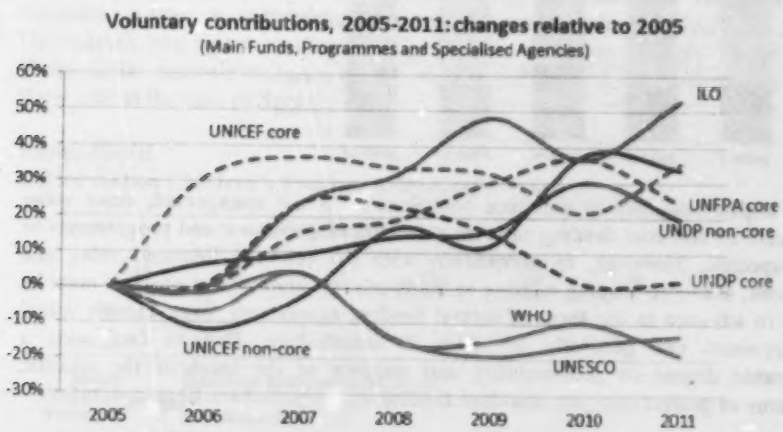
69. In previous reports, elements of predictability, reliability and stability of funding were reviewed for a number of entities by examining actual fluctuations in contributions and the impact thereof on the availability of total resources over time. The present section provides an update of that analysis and covers the six-year period from 2005 to 2011 for UNDP, UNICEF, UNFPA, FAO, ILO, UNESCO and WHO. These entities together accounted for more than 80 per cent of total development-related activities in 2011. The review of each of the entities has again focused on the

[16] PPMC: 0.85 (excluding countries in fragile situations based on the World Bank harmonized definition).

group of main contributors, which together accounted for some 80 per cent of the resources of the entities concerned. For UNDP, UNICEF and UNFPA, the situation was reviewed for both core and non-core voluntary contributions. For FAO, ILO, UNESCO and WHO, only non-core voluntary resources were reviewed, since the core component of funding is almost exclusively financed from assessed contributions. Assessed contributions by nature are less subject to volatility and unpredictability — apart from issues relating to timeliness of payment.

70. The findings of this review are discussed below based on a series of charts that illustrate issues and patterns that have been found to apply to most entities. Figure XXIII below shows the relative movement in total contributions to entities since 2005. With the exception of UNESCO and WHO, all the entities experienced growth in funding over the six-year period. However, towards the end of the period, a declining trend can be observed for the core resources of UNDP from a peak in 2007 to a level similar to that in 2005. For presentation purposes, figure XXIII does not show the trends for FAO and non-core resources of UNFPA, but both experienced significant nominal growth of 133 and 174 per cent, respectively, compared to a relatively small base in 2005.

Figure XXIII
Voluntary contributions, 2005-2011: changes relative to 2005



71. A more detailed review shows that the actual volatility in contributions from main sources is much more pronounced than that suggested by the overall patterns in figure XXIII. Despite generally positive aggregate growth, funding from individual sources can fluctuate considerably from one year to the other, especially in the case of non-core resources. This is illustrated by figures XXIV and XXV below. For core resources, 39 per cent of 2011 contributions from main donors had changed by more than 20 per cent, compared to 2010, with an increasing trend since 2009. As for non-core resources, 62 per cent of 2011 contributions by main donors changed by more than 20 per cent compared to 2010, without any significant trend being observed.

Figure XXIV
Changes in core contributions by top donors, 2006-2011

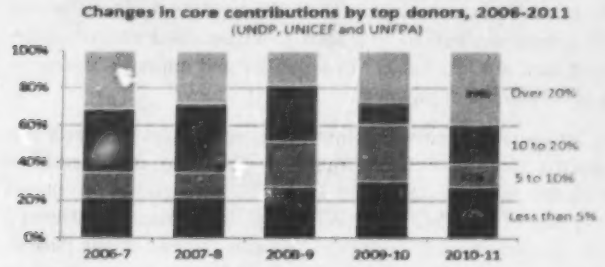
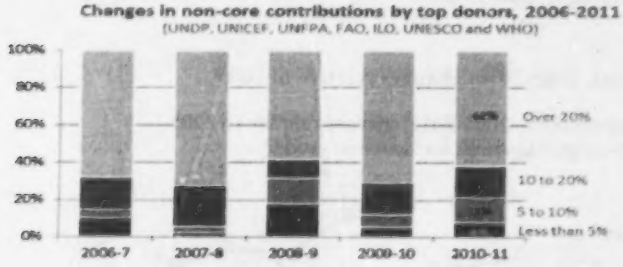


Figure XXV
Changes in non-core contributions by top donors, 2006-2011

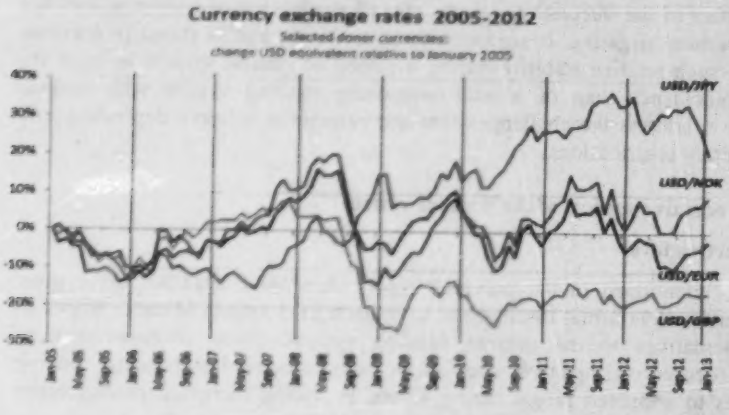


72. A higher volatility in non-core contributions is not unexpected, since some 90 per cent of non-core funding remains primarily single-donor and programme- or project-specific. However, in accordance with the relevant financial rules and regulations, non-core funding relating to multi-year programmes or projects must be secured in advance in the form of formal funding agreements, even though actual cash payments can generally be made in instalments. This in fact adds a considerable degree of predictability and stability at the level of the specific programme or project once the non-core funding agreements have been concluded.

Impact of exchange rate fluctuations

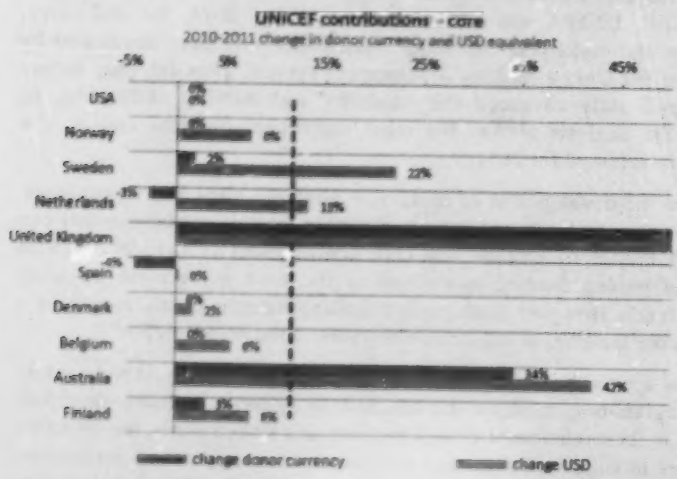
73. Since the United States dollar is the general unit of accounting and reporting in the United Nations system, fluctuations in exchange rates have an impact on the United States dollar equivalent of contributions made by donors in their own national currency. Figure XXVI is based on the monthly United Nations exchange rates and illustrates the very significant volatility in those rates during the period from 2005 to 2012, both within and between years. Fluctuations in exchange rates between 2011 and 2010 were again significant. For example, the United States dollar equivalent of euro contributions could differ by up to 20 per cent depending on the moment when 2010 and 2011 contributions were received and recorded. A similar difference applied to euro contributions made in 2012 compared to 2011.

Figure XXVI
Currency exchange rates, 2005-2011



74. To illustrate the impact of fluctuating currency exchange rates at individual entity level, figure XXVII compares changes in UNICEF core contributions in donor currencies with the United States dollar equivalent as recorded in the accounts. Again, as an example, similar euro-denominated decreases by the Netherlands and Spain resulted in significantly different changes in the United States dollar equivalents (plus 13 per cent in the case of the Netherlands against 0 per cent in the case of Spain).

Figure XXVII
United Nation Children's Fund contributions — core



75. In addition to applying general cash-flow planning mechanisms, some entities actively hedge foreign exchange exposure in the financial markets. Foreign exchange hedging helps to mitigate volatility and uncertainty for their financial planning.

76. As illustrated above, annual changes in donor contributions can be quite significant, including as a result of volatility in exchange rates. However, the combined effect of the fluctuations on the overall availability of resources does not seem to have been negative. It seems obvious, however, and as stated in previous reports, that such relative stability during a period of general growth is more the result of coincidence than of a well-functioning funding system with built-in mechanisms to address the challenges that are intrinsic to a heavy dependency on annual voluntary contributions.

Addressing negative aspects of the present system

At Headquarters level

77. As was mentioned in the previous report (A/67/94-E/2012/80), over time, various formal and informal discussions have been held among Member States to examine alternatives to the present funding system. These discussions have particularly focused on objectives such as providing a better link between funding commitments to approved programming levels, providing increased predictability and broadening the base of burden-sharing among Member States.

78. The general focus of those discussions has been on the elimination of some of the negative aspects of the present system in an evolutionary manner, rather than through fundamental change. Central to the most recent approaches to enhancing the predictability of funding flows has been the adoption of multi-year pledging in the context of multi-year strategic plans and financial frameworks with links to results-based management. Such multi-year pledging, possibly based on voluntary indicative scales or negotiated burden-sharing, can be seen as a means of introducing the combined positive elements of voluntary contributions, assessed contributions and negotiated replenishment systems that are in place, for instance, in the international financial institutions. With the introduction of integrated budgets by UNDP, UNICEF, UNFPA and UN-Women, effective 2014, by and large, integrated strategic and multi-year financing frameworks have been developed by all organizations of the United Nations development system. Thus far, they do not seem to have significantly advanced the reliability and stability of funding, as demonstrated by the analysis above. No other significant progress and/or new initiatives have been reported for 2011.

79. In addition to the development of multi-year strategic plans and frameworks, organizations have also explored and introduced other funding modalities that can reduce the overall impact of volatile non-core contributions in particular. These include the use of pooled funding modalities in the form of thematic or other multi-donor trust funds. However, such pooled funding modalities still constitute a small part of non-core funding, as indicated elsewhere in the present report.

80. Following the approaches that were developed and successfully introduced by the funds and programmes, most of the specialized agencies indicate that they continue to invest in their relationships with partners and stakeholders, including by developing resource mobilization strategies and longer-term cooperation agreements with key donors; increasing knowledge in the secretariats and at field level of new funding sources, modalities and instruments (e.g., emerging donors, global funds, public-private partnerships, South-South collaboration and twinning arrangements); and developing relevant guidelines and training for the staff concerned.

At the country level

81. As part of examining the development and use of integrated strategic and multi-year financing frameworks in support of resource mobilization, a review was undertaken of the extent to which common budgetary frameworks have been introduced at the country level. In this connection, in resolution 67/226 on the 2012 quadrennial comprehensive policy review, the General Assembly requests that, as a practice, all available and projected financial contributions for operational activities for development at the country level be consolidated within a common budgetary framework and that entities provide the necessary information on contributions to the resident coordinators. The status of introduction and operationalization of common budgetary frameworks is therefore included as an indicator for the assessment of progress in the implementation of resolution 67/226 (see annex I, II.B.2).

82. The concept of a common budgetary framework as an integral part of the United Nations Development Assistance Framework action plan was developed to serve as a comprehensive and results-based planning and management instrument for financial requirements and identified funding gaps for the entire United Nations Development Assistance Framework programming period. A current and publicly accessible common budgetary framework is also intended to serve as an instrument to enhance transparency by providing programme country Governments, development cooperation partners (donors) and other stakeholders with a simplified single reference document that covers the United Nations funding situation at any point in time during the programming cycle. The United Nations Development Group developed special guidelines on the subject in late 2010 as part of its overall guidance on United Nations Development Assistance Framework action plans.

83. Information on the current status of common budgetary frameworks was collected through the 2013 survey of resident coordinators and thus describes the situation at about two and one-half years after the introduction of the United Nations Development Group guidelines. Analysis based on the survey reveals that a common budgetary framework had been introduced in 28 per cent of the countries covered by the survey of resident coordinators. The countries with common budgetary frameworks thus far include the 8 "Delivering as one" pilot countries, 14 self-starters and 8 others. Of those, 20 per cent reported that their common budgetary framework was formally updated more than once a year, while 80 per cent reported updating the common budgetary framework once a year (50 per cent) or even less frequently (30 per cent). While in close to 100 per cent of the cases common budgetary frameworks were reported to be accessible at all times to host Governments, such accessibility for development cooperation partners (donors) and other stakeholders was less (82 per cent and 74 per cent, respectively). In only 48 per cent of the countries where a common budgetary framework exists was it used to a moderate or large extent as the basis of a deliberate United Nations system joint resource mobilization strategy.

84. In conclusion, the take-up of common budgetary frameworks in 30 countries is a welcome development, considering that the use of a common budgetary framework has hitherto been optional. However, with the resolution on the quadrennial comprehensive policy review, the common budgetary framework has become a requirement in all countries. Much remains to be done, including with regard to the provision by entities of the necessary information on funding commitments and programme implementation in general.

B. Burden-sharing

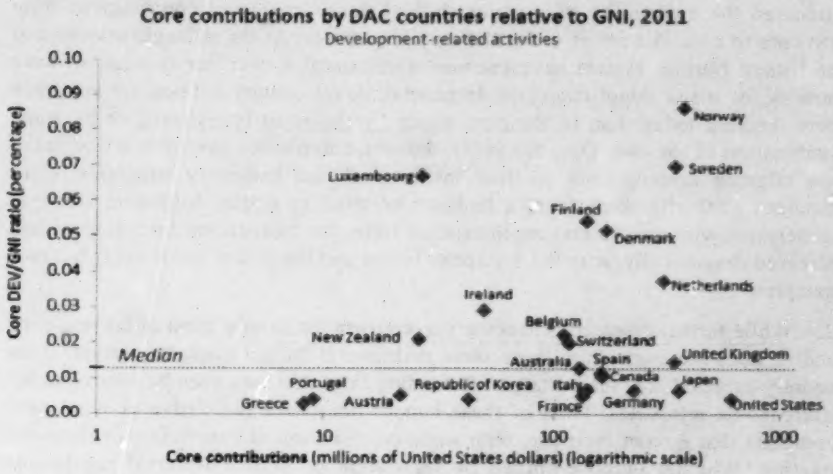
85. Figure XIII and table A-5 in the online statistical annex provide information about 2011 development-related contributions by main source and type of funding (core and non-core). Some 59 per cent of total contributions were made by OECD/DAC countries.[17] This share is the combined result of DAC countries' contributing 83 per cent of total development-related core and 47 per cent of development-related non-core resources.

86. In order to examine the issue of burden-sharing, development-related core contributions by individual OECD/DAC countries were reviewed relative to their GNI as expressed by a core-DEV/GNI ratio. Figure XXVIII shows the outcome of this review, including how country-specific core-DEV/GNI ratios compare to the median ratio of 0.0127 per cent for the group of DAC countries as a whole. It should be noted that a logarithmic scale is used on the horizontal axis in figure XXVIII. As a result, countries that provide significantly different amounts of core contributions may appear relatively close to each other in the graph. The analysis confirms that burden-sharing is uneven. The 11 countries that show a core-DEV/GNI ratio in excess of the median ratio (group A) together contributed $2.0 billion or 50 per cent of total OECD/DAC core contributions, while their share of total OECD/DAC GNI was only 15 per cent. The 11 countries that show a core-DEV/GNI ratio below the median ratio (group B) contributed some 47 per cent of total OECD/DAC core contributions but their share of total OECD/DAC GNI was 83 per cent.[18] This uneven burden-sharing has added importance, in view of the fact that core resources are found to subsidize the support to and management of activities financed from non-core resources. This is further reviewed in section IV.C.

[17] Excluding contributions to multi-donor trust funds. Figure XII shows the OECD/DAC share when multi-donor trust funds are included.

[18] Remaining 3 per cent of core contributions and 2 per cent of total GNI on account of country with median ratio.

Figure XXVIII
Core contributions by Development Assistance Committee countries relative to gross national income, 2011



87. Based on the above, a number of scenarios can be reviewed to frame further discussions on the issue of burden-sharing:

Contributions based on median core-DEV/GNI ratio as "rate of assessment"

88. If the 2011 median core-DEV/GNI ratio were to be set as a "rate of assessment" and all DAC countries were to contribute accordingly, total core contributions by those countries would increase by some $1.3 billion, or 32 per cent, to $5.4 billion.[19] Contributions by group A countries would decrease more than 50 per cent — by $1.2 billion — to some $0.9 billion, and contributions by group B countries would more than double and increase to $4.3 billion.

Contributions based on median core-DEV/GNI ratio as "rate for negotiated pledging"

89. If the 2011 median DEV/GNI ratio were to be applied as a minimum target for a system of negotiated pledges, total core contributions by DAC countries would increase by some $2.4 billion, or 58 per cent, to $6.4 billion. Contributions by group A countries would remain the same and contributions by group B countries would, as in the first scenario, more than double and increase to $4.3 billion.

Covering shortfalls by switching non-core to core contributions

90. An analysis was made of the extent to which shortfalls in core contributions by group B countries in either one of the above scenarios could be covered by those countries' switching existing non-core contributions to core. The outcome of the analysis shows that, of the total shortfall of $2.4 billion, some $1.8 billion, or

[19] The table in annex V shows how these figures were derived.

75 per cent, could indeed be covered by shifting all or part of existing non-core contributions to core.[20]

91. On a number of occasions, various governing bodies have called for or discussed the desirability of a major shift of donor countries' contributions from non-core to core. A number of factors may play a role. As the strategic priorities of the United Nations system have become more complex over the decades, so have those of the major donor countries. In general, donor country aid policies are much more targeted today than in the past, either by theme or beneficiary, or by some combination of the two. Over the years, donor aid ministries have also added many new targeted funding lines to their institutional and budgetary structures. Core resources generally come from a budget line used to sustain long-term strategic partnerships with multilateral organizations. Here, the competition for resources has increased dramatically, with the European Union and the global funds being but two examples.

92. While further research is necessary to confirm the details, most of the non-core funding does not come from these same multilateral budget lines, but, rather, from "country-targeted" or "theme-targeted" funding lines that may even be controlled by different line ministries. Most of these budget lines have legislative or regulatory conditions that govern their use, with some combination of beneficiary or thematic targeting. Whether purpose-limited by legislation or ministry-internal regulation, these funds may not easily cross budget lines.

93. In the near future, it is planned to carry out a sample survey with OECD/DAC donor countries, in an attempt to understand more fully the nature and importance of these legislative or regulatory restrictions.

C. Non-core funding and cost recovery

Background and context

94. The exponential growth in non-core funded activities over the past 15 years made the adequate recovery of institutional costs associated with the support to those activities an issue of growing concern. It has been the subject of review among others by entities and their governing bodies individually, at the level of the High-level Committee on Management of CEB and as part of comprehensive policy reviews, including the most recent one in 2012. The concern centres on the fact that institutional support (substantive and operational) to non-core funded activities may in fact be subsidized by core resources with a consequent negative effect on the availability of remaining core resources for programme activities, in particular at the country level.

95. Recent reports of the Secretary-General on the funding of operational activities for development have therefore reviewed and analysed non-core funding and cost recovery in more detail.[21] These reviews have been based, among other things, on a high-level comparison between the use of core and non-core resources for (a) programme activities (programme costs); and (b) programme support and

[20] Ibid.

[21] See, for example, A/67/94-E/2012/80, A/66/79-E/2011/77, A/65/79-E/2010/76.

management activities (non-programme costs). Some entities (UNDP, UNICEF, UNFPA, UN-Women) refer to programme support as "development effectiveness".

96. In line with commonly accepted and generally harmonized definitions, programme costs can be traced to specific programme components or projects, which contribute directly to the delivery of development results contained in country/regional/global programme documents or other programming arrangements.[22] Programme support and management activities are generally of an institutional nature and their costs (non-programme costs) cannot in a similar way be directly traced to such specific development programme components or projects. Programme support activities are typically of a more general policy/advisory, technical and implementation nature relating to the overall focus areas of the organizations. Management activities have been defined as having the promotion of the identity and direction of an organization as their primary function. These typically include executive direction, representation, external relations and partnerships, corporate communications, legal issues, oversight, auditing, corporate evaluation, information technology, finance, administration, security and human resources. A third category ("Other") relates to activities and costs that cannot easily be classified under either of the above main categories.[23]

97. The outcomes of the high-level comparison thus made since 2010 confirm that there is indeed a significant difference in the distribution of non-programme costs between unrestricted core and restricted non-core funding sources. Consequently, the remaining shares available for actual programme activities differ greatly. Table 9 below contains an update of this high-level review, based on 2011 data provided by 18 entities representing some 89 per cent of total development-related expenditures in 2011.[24] As shown, some 66 per cent of core funding was available for programme activities (56 per cent at the country level), compared with 90 per cent of non-core resources (78 per cent at the country level). No significant trends have been identified since the first time such analysis was done in 2011 on the basis of 2008 financial data.

[22] Based on the UNDP, UNICEF, UNFPA and UN-Women harmonized cost classification.

[23] In the case of UNDP, for example, such expenditure would relate to its support to the resident coordinator system and to funds and programmes that are administered by UNDP, such as UNV and UNCDF.

[24] Where necessary, this has been supplemented by data contained in public financial and budgetary reports of the organizations concerned.

Table 9
High-level breakdown of development-related operational activities, 2011
(millions of United States dollars)

	Programme activities		*Programme support and management activities*	*Other*	*Total*
	Country-level	*Regional and global*			
Core resources	2 442	468	1 287	196	4 393
Share (percentage)	55.6	10.7	29.3	4.5	100.0
Non-core resources	7 110	1 171	572	300	9 153
Share (percentage)	77.7	12.8	6.3	3.3	100.0
Total resources	**9 552**	**1 639**	**1 859**	**496**	**13 546**
Share (percentage)	**70.5**	**12.1**	**13.7**	**3.7**	**100.0**

98. Previous reports noted that the extent to which the identified subsidization by core resources ran counter to legislation adopted by governing bodies in the past was open to interpretation. This was due to legislative ambiguity about which costs — full or incremental — were expected to be fully recovered. As stated in previous reports, a principle of full cost recovery would be based on the premise that all activities, regardless of the source of financing and level of earmarking, benefit equally, either directly or indirectly, from the totality of substantive and operational capacities of entities. Table 9 shows that applying such a principle of full cost recovery (without further differentiation) would require a recovery rate in the order of 17 per cent if all such costs would indeed be recovered through an up-front percentage cost recovery rate only. Applying such a rate across the board would result in a release of some $719 million in core resources for programme activities, or the equivalent of 25 per cent of the current level of core programme activities. WFP is an example of an entity that achieves full cost recovery of its equivalent of non-programme costs by financing its entire programme support and administrative budget by charging the same cost recovery rate to the WFP equivalent of non-earmarked core resources ("multilateral contributions") and earmarked non-core contributions ("directed multilateral contributions").

2012 quadrennial comprehensive policy review

99. The 2012 quadrennial comprehensive policy review again addressed the issue of non-core funding and cost recovery. The review was informed by the background information and analyses contained in the 2012 and previous reports of the Secretary-General on the funding of operational activities for development. In its resolution 67/226, the General Assembly noted with concern that the non-programme costs relating to non-core programme activities continued to draw resources from core resources for programme activities and reaffirmed that the guiding principle governing the financing of all non-programme cost should be based on full cost recovery, proportionally, from core and non-core funding sources.

100. Accordingly, the Assembly requested the executive boards of the United Nations funds and programmes, and encouraged the governing bodies of the specialized agencies to adopt cost recovery frameworks by 2013, with a view to their full implementation in 2014, based on the guiding principle of full cost recovery, proportionally, from core and non-core resources, and a simple,

transparent and harmonized methodology. It also requested the funds and programmes, and urged the specialized agencies, to include estimated amounts to be recovered in their budgets and to report on actual cost recovery amounts as part of their regular financial reporting. The Assembly further requested the Secretary-General to report on the progress made in the context of his annual report on the funding of operational activities for development.

United Nations Development Programme, United Nations Children's Fund, United Nations Population Fund, United Nations Entity for Gender Equality and the Empowerment of Women

101. The 2012 quadrennial comprehensive policy review coincided with a review by UNDP, UNICEF, UNFPA and UN-Women of a harmonized cost recovery rate and calculation methodology as part of a joint road map to the first-ever integrated budgets that these entities will submit to their executive boards in the second half of 2013 and that will cover the period from 2014 to 2017.[25] These four entities combined account for some 58 per cent of all development-related operational activities (54 per cent of all core and 60 per cent of all non-core resources).

102. The entities proposed to their boards what would seem to be a two-pronged approach to the recovery of institutional non-programme costs, as follows: (a) the application of a percentage recovery rate to cover what they defined as "eligible costs"; and (b) the recovery of all programme support/development effectiveness costs through direct charges to core and non-core funded programmes and projects. Orders of magnitude of what has been defined as eligible costs for the application of a percentage cost recovery rate range from 39 per cent of the institutional budget in the case of UN-Women to 54 per cent in the case of UNICEF. Programme support/development effectiveness costs range from 15 per cent of the institutional budget in the case of UNDP to 27 per cent in the case of UNICEF. As in the past, the above-mentioned eligible costs exclude, among other things, what has been defined as "critical cross-cutting functions". These costs range from 6 per cent of the institutional budget for UNDP to 28 per cent in the case of UN-Women. Resolution 67/226, which established the guiding principle that the financing of all non-programme costs should be based on full cost recovery, proportionally, from core and non-core funding sources, did not make a provision for such exclusion.

103. The boards approved the harmonized methodology for calculating the cost-recovery rates.[26] With regard to the application of a percentage recovery rate to cover what, as part of total non-programme costs, has been defined as "eligible costs", the Executive Boards of UNDP, UNICEF, UNPFA and UN-Women endorsed a general, harmonized cost-recovery rate of 8 per cent for non-core contributions. That rate will be reviewed in 2016, with the possibility of increasing it if it is not consistent with the principle of full cost recovery, proportionally from core and non-core funding sources, as mandated by the quadrennial comprehensive policy review of operational activities for development of the United Nations system.

104. The Boards requested that the entities include in the midterm review of their integrated budgets, information on the implementation of the approved cost-recovery rates, including the approved underlying calculation methodology and the

[25] See DP-FPA/2013/1-E/ICEF/2013/8, dated 16 January 2013.

[26] See DP/2013/10, dated 12 February 2013, and E/ICEF/2013/9, dated 13 February 2013.

inclusion of each cost category; their actual cost recovery rates for the two previous financial years; and an analysis of compliance with the principle of full cost recovery, funded proportionally from core and non-core resources, as mandated in General Assembly resolution 67/226. The Boards further requested that an independent and external assessment be performed in 2016 on the consistency and alignment of the new cost-recovery methodology with General Assembly resolution 67/226.

105. The Boards did not review impact scenarios to assess implications of the approved methodology and cost recovery rate on available resources for programme activities under core and non-core. In addition, at the time of preparing the present report, the UNDP, UNICEF, UNFPA and UN-Women integrated budget proposals for the period 2014-2017 had not yet been finalized. Accordingly, and in the context of the present report, no assessment could be made on the exact impact of the two-pronged cost-recovery proposals on core and non-core funded programme activities, and thus on the consistency and alignment of the approved cost-recovery methodology with General Assembly resolution 67/226. At this point in time, the alignment is not evident. The manner in which programme support/development effectiveness costs will in practice be covered by core and non-core funding sources will be a determining factor in this regard.

106. With regard to entities other than UNDP, UNICEF, UNFPA and UN-Women, mention was made of WFP as a programme that already operates a system of full cost recovery, proportionally, from its equivalent of core and non-core funding sources. FAO will present a comprehensive report on all aspects of its support cost policy to its Finance Committee in 2013.

Follow-up

107. As requested by the General Assembly in resolution 67/226, performance and progress will continue to be reviewed in the context of future reports on the funding of operational activities for development. This will continue to be based, among other things, on the high-level comparison between the use of core and non-core resources for (a) programme activities (programme costs); and (b) programme support and management activities (non-programme costs). This is reflected in the framework that has been developed to facilitate the assessment of the progress being made in the implementation of funding-related provisions contained in resolution 67/226 (see annex I, II.D.1, II.D.2 and II.D.3).

D. Concentration and fragmentation

108. In this section, financial indicators and statistical methods are used to further examine the level of significance, concentration and fragmentation of operational activities for development in 2011. Such an analysis based on financial information has inherent limitations, as it does not cover the qualitative aspects of the outcomes of the relationships between United Nations entities and programme countries. For example, the amount of support extended by a particular entity to a given country may be very small in terms of expenditures, but be highly relevant and effective in terms of its impact on addressing broader priority needs.

109. Despite its limitations, an analysis on the basis of financial information can provide insights into the relative importance of United Nations operational activities

for development compared to total development assistance at the programme country level, and into the way that individual United Nations development system entities differ in their distribution of resources.

110. The methodology applied in the present section follows the one developed and applied by OECD/DAC to assess the degree of fragmentation of ODA from its members to recipient countries. While this methodology was not specifically designed to be applied in a multilateral context, an analysis of this kind can provide useful information on aspects and context of relationships between the United Nations development system and programme countries and hence, inform reviews of United Nations operational activities for development at different levels.

111. The methodology as applied to the review of United Nations operational activities for development is summarized in box 1. The analysis is based on total operational activities for development, thus comprising both development-related and humanitarian assistance-related activities, and all types of funding, that is, core and non-core combined.

Box 1
Defining the significance of cooperation relations and concentration and fragmentation ratios

The rationale

When considering the significance of a development cooperation relation, it is important to examine both the programme country and entity perspectives. The policy inference is that where cooperation relations are neither significant from the programme country point of view, nor from the entity's point of view, there is a rationale to revisit these relations.

Definitions

"Significance" of a cooperation relation. A cooperation relation is considered significant in financial terms if "yes" is the answer to at least one of the following questions:

Question 1: Does the entity allocate a higher share of resources to the programme country than the entity's overall share of total United Nations operational activities for development?

Question 2: Is the entity among the largest donors that cumulatively account for 80 per cent of the programme country's aid?

Concentration ratio. Defined from an entity's point of view, the overall aim would be a concentrated portfolio with significant programme country cooperation relations. On this basis, the concentration ratio measures the number of entities' significant cooperation relations compared to all of its cooperation relations. The higher the concentration ratio, the less an entity's portfolio is fragmented.

Fragmentation ratio. Defined from a programme country point of view, the aim would be to maximize the number of significant relations with entities and minimize the number of non-significant relations. On this basis, the fragmentation ratio measures the number of non-significant entities compared to the overall number of entities. The lower the fragmentation ratio, the less fragmented are the entities' cooperation programmes in that country.

These two indicators are complementary at the global level, since the sum of the global concentration and fragmentation ratios are one.

112. The significance, concentration or fragmentation of operational activities for development of the United Nations system has been examined at two levels, namely: (a) how important individual United Nations entities are as a source of development financing in programme countries; and (b) how important the whole United Nations development system is as a source of development financing for individual programme countries and how the resources are distributed among those countries.

Significance, concentration and fragmentation

113. With regard to the significance of entities' cooperation relations with programme countries and concentration ratios, the table in annex VI provides an overview of key findings. The 28 entities that reported expenditures at the country level had together 1,998 relationships with 147 programme countries. Some 49 per cent of those relationships were significant in financial terms, meaning that the respective entities were either among the larger contributors that together accounted for 80 per cent of total ODA and/or allocated a higher share of resources to the programme country than their respective share of total global United Nations operational activities for development. Accordingly, and as a measure of fragmentation, over half of the relationships were not financially significant as defined for this review. Together, these relationships accounted for 29 per cent of country-level United Nations operational activities for development in 2011.

114. The operations of some 16 United Nations entities, or more than half of the total, can be characterized by a higher-than-average level of concentration. These 16 entities accounted for some 37 per cent of total United Nations operational activities at the country level. Consequently, the operations of the other 12 entities, accounting for 63 per cent of United Nations operational activities for development at the country level, can be characterized by a higher-than-average degree of fragmentation.

115. A review was made of whether there are marked differences in the above significance, concentration and fragmentation indicators according to different country groupings. Table 10 shows that the overall fragmentation ratio was above average in low-income countries, with an average of 17 United Nations entities operating in each low-income country.

Table 10
Fragmentation ratio in programme countries, 2011
(by country income level and least developing country status)

Income group	*Number of programme countries* C	*Significant relations* A	*Non-significant relations* B	*Total relations* A+B	*Fragmentation ratio (percentage)* B/(A+B)	*Average number of entities in country* (A+B)/C
Low-income	36	260	361	621	58	17
Low-middle income	57	383	375	758	50	13
Upper-middle income	52	330	280	610	46	12
High income	2	6	3	9	33	5
Least developed countries	48	345	401	746	54	16
Global	147	979	1 019	1 998	51	14

116. Similar analyses show that the overall fragmentation ratio was also above average for countries in fragile situations and that there were no significant differences between regional groupings, except for the Western Asia region, which showed a relatively high fragmentation ratio.

117. The applicability of reviews such as the one used above will continue to be explored and refined in future reports.

Importance of system-wide operational activities to programme countries

118. The overall share of United Nations operational activities for development of total ODA (excluding debt relief) in 2011 was 15 per cent. United Nations operational activities for development therefore played a modest role in the overall financing for development in programme countries. A comparative analysis of total United Nations operational activities for development and total ODA at the country level (see figure X) shows that United Nations operational activities for development accounted for more than 40 per cent of total ODA in 18, or 12 per cent, of programme countries in 2011.[27] United Nations operational activities for development in these 18 countries combined accounted for some 21 per cent of total operational activities for development of the United Nations system at the country level.

119. At the other end of the spectrum, United Nations operational activities for development accounted for less than 10 per cent of total ODA in 59, or 40 per cent, of programme countries. This group of 59 countries accounted for some 12 per cent of total country-level United Nations operational activities for development. Most, or 60 per cent, of United Nations operational activities for development concerned countries where operational activities of the United Nations system accounted for between 10 and 30 per cent of total ODA.

[27] Argentina, Chad, China, Costa Rica, Cuba, Democratic People's Republic of Korea, Guinea-Bissau, Indonesia, Iran (Islamic Republic of), Malaysia, Philippines, Somalia, Sudan, Syrian Arab Republic, Thailand, Uruguay, Venezuela (Bolivarian Republic of), Zimbabwe.

120. Table 11 breaks down information according to the categories used in figure X based on two country groupings, that is, low-income and vulnerable situations, and shows that the United Nations development system tends to be more important in low-income countries and countries in fragile situations. For example, the United Nations development system contributes to more than 30 per cent of total country-level ODA in 31 per cent of low-income countries and 37 per cent in countries in fragile situations, as compared to 19 per cent globally.

Table 11
Country-level United Nations operational activities for development as a share of official development assistance, 2011
(excludes local resources)

Share of ODA at country level (percentage)	*All programme countries*		*Low-income countries*		*Fragile situations*[a]	
	No.	*Share (percentage)*	*No.*	*Share (percentage)*	*No.*	*Share (percentage)*
Greater than 40	18	12	5	14	6	17
30-40	11	7	6	17	7	20
20-30	22	15	8	22	5	14
10-20	37	25	11	31	9	26
Less than 10	59	40	6	17	8	23
Total	**147**	**100**	**36**	**100**	**35**	**100**

[a] As designated by the World Bank.

E. Critical mass of core funding

121. The General Assembly, in its 2010 resolution 64/289 on improving United Nations system-wide coherence, invited the governing bodies of funds and programmes to initiate further discussion with a view to exploring the most appropriate definition of, and a process towards arriving at, a critical mass of core funding. The previous report on funding of United Nations operational activities for development (A/67/94-E/2012/80) examined the concept in more detail. In its resolution 67/226 on the 2012 quadrennial comprehensive policy review, the General Assembly expressed concern over the lack of progress by governing bodies in the development and operationalization of the concept of the "critical mass" of core resources and requested the funds and programmes to define common principles for the concept of critical mass of core resources and to present specific proposals to their respective governing bodies by the end of 2013 with a view to a decision by 2014. At the time of finalizing the present report, the issue of critical mass of core resources had not yet been taken up by the executive boards of funds and programmes. However, entities report that discussions on critical mass are taking place in preparation for their eventual presentation to the executive boards, in keeping with the timeline set out in the resolution on the quadrennial comprehensive policy review.

Annex I

Indicator framework

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report paragraphs	Baseline	Target (as per resolution 67/226)	Sources
II. Funding									
A. General principles (OP 24-32)									
II.A.1	Extent to which, from a general funding and resource mobilization perspective, programme countries, contributors and other stakeholders judge the overall level of coherence of operational activities for development at the country and central/headquarters level	✓			✓		No data available yet		Desk studies of existing external reviews
II.A.2	United Nations operational activities for development relative to total ODA and total multilateral ODA at global level		✓			20, 32-33	Figure IV		Established data-collection methods developed for finding report and analysis of those data
II.A.3	United Nations operational activities for development relative to total ODA at individual programme country level		✓			29, 118-120	Figure X, Table 11		
II.A.4	South-South collaboration: status and trends contributions by developing countries relative to total South-South Development Cooperation		✓			24, 40			
II.A.5	Local resources: status and trends local resources contributions		✓			49	Table 4		

A/68/97
E/2013/87

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report paragraphs	Baseline	Target (as per resolution 67/226)	Sources
II.A.6	Other sources: status and trends contributions by other sources relative to total funding for development by those sources		✓			37-38	Figure XII		
II.A.7	Resource allocation/distribution/ destination: Total expenditures according to main cost classifications, core and non-core, development and humanitarian assistance related			✓		26-28, 56-61	Figures VIII, IX, XVI, XVII, XVIII; Tables 5, 6, 7		
II.A.8	Resource allocation/distribution/ destination: distribution of programme expenditure according to different country groupings			✓		62-64	Figures XIX, XX		
II.A.9	Resource allocation/distribution/ destination: correlation between core and non-core programme expenditures			✓		65-68	Figures XXI, XXII; Table 8		
II.A.10	Concentration/fragmentation: extent to which funding relationships between United Nations entities and programme countries are significant				✓	108-120	Tables 10, 11; Annex VI		
B. Enhancing overall funding, particularly core resources (OP 33-39)									
II.B.1	Status introduction integrated and results-based financial resources planning and budgetary frameworks at central level	✓				78			Established data-collection methods developed for funding report and analysis of those data
II.B.2	Status introduction and operationalization common budgetary frameworks at country level	✓				81-84			

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report paragraphs	Baseline	Target (as per resolution 67/226)	Sources
II.B.3	Status and trends contributions to United Nations operational activities for development: core and non-core, development and humanitarian assistance related			✓		19, 30-31	Figure III; Table 1		
II.B.4	Comparison status and trends unrestricted and restricted funding modalities			✓		42-53			
II.B.5	Sources and type of funding: status and trends general			✓		22-24, 37-40	Figures V, VI, XII, XIII		
II.B.6	Sources and type of funding: status and trends pooled funding modalities and joint programmes			✓		42-48, 50-55	Figure XV; Tables 2, 3		
II.B.7	Sources of funding: status of actions taken by entities to broaden donor base			✓		77-78		OP 35 — Report to governing bodies at first session in 2014	
II.B.8	Critical mass of core funding: status actions taken by entities to develop and operationalize concept of critical mass of core funding			✓		121		OP 39 — Present specific proposals to governing bodies by end of 2013 for decision in 2014	
II.B.9	Burden-sharing: status and trends contributions relative to gross national income			✓		85-93	Figure XXVIII; Annex V		

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report paragraphs	Baseline	Target (as per resolution 67/226)	Sources
C. Improving the predictability and quality of resources [OP 40-46]									
II.C.1	Planning frameworks at central level: status introduction integrated and results-based financial resources planning and budgetary frameworks	✓				78			Established data-collection methods developed for funding report and analysis of those data
II.C.2	Planning frameworks at country level: status of introduction and operationalization common budgetary frameworks	✓				81-84			
II.C.3	Stability/volatility resources: analysis of fluctuations in contributions by source and impact overall resources availability				✓	69-72	Figures XXIII, XXIV, XXV		
II.C.4	Stability/volatility resources: status actions and initiatives taken by entities and contributors to improve predictability				✓	77-80		OP 46 — Structured dialogues of executive boards and governing bodies during 2014	
D. Ensuring full cost recovery [OP 47-66]									
II.D.1	Status of adoption of cost recovery frameworks by governing bodies			✓		101-106		OP 47 — Harmonized cost recovery framework early 2013 OP 53 — Full adoption of frameworks by 2013 and full implementation in 2014	Established data-collection methods developed for funding report and analysis of those data

Topic	Indicator	Coherence	Relevance	Effectiveness	Efficiency	SG Report paragraphs	Baseline	Target (as per resolution 67/226)	Sources
II.D.2	Comparison core and non-core funding of programme and non-programme costs			✓		97	Table 9		
II.D.3	Status of disclosure estimated amounts cost recovery in financial planning and reporting			✓		100			

Annex II

Technical note on definitions, sources and coverage

For the purposes of the present report, the United Nations development system is defined as the 37 entities[a] that reported funding for operational activities for development in 2011 (this does not include the Bretton Woods institutions).

Among the entities that constitute the United Nations development system, there has been no commonly agreed definition of key terms such as "operational activities for development" and "contributions".

The present report begins to address this shortcoming by defining operational activities for development as those activities of the United Nations development system entities which promote the sustainable development and welfare of developing countries and countries in transition. They cover both longer-term development-related activities as well as those with a humanitarian-assistance focus and relate to the work of those United Nations funds, programmes, specialized agencies, departments and offices which have a specific mandate in this regard.

The specialized agencies have adopted coefficients to measure the share of assessed or regular budget contributions considered to be for operational activities for development based on consultations with OECD/DAC. For agencies such as UNIDO, WHO, ILO, UNESCO and FAO, this share is very significant (see table 1).

Table 1
Percentage of assessed or regular budget contributions defined as being for United Nations operational activities for development

United Nations entity	*Percentage*
FAO	51
IAEA	33
ICAO	0
ILO	60
IMO	0
ITU	18
UNESCO	60
UNIDO	100
UNWTO	0
UPU	16
WHO	76
WIPO	3
WMO	4

[a] ECA, ECE, ECLAC, ESCAP, ESCWA, FAO, IAEA, ICAO, IFAD, ILO, IMO, ITC, ITU, OHCHR, UNAIDS, UNCTAD, UNODC, Department of Economic and Social Affairs, UNDP (including UNV and UNCDF), UNEP, UNESCO, UNFPA, UN-Habitat, UNHCR, UNICEF, UNIDO, Office for the Coordination of Humanitarian Affairs, UNRWA, UN-Women, UNWTO, UPU, WFP, WHO, WIPO, WMO.

Many United Nations entities do not use the terms "core" and "non-core" when classifying contributions. For example, WFP uses the terms "multilateral contribution" and "directed multilateral contribution" to define "core" and "non-core" resources, respectively. UNHCR uses the terms "unrestricted", "tightly earmarked" and "lightly earmarked" to classify its contributions.

Specialized agencies have assessed contributions or a regular budget which is supplemented by "extrabudgetary resources". For system-wide reporting purposes, all the above terms are grouped under "core" and "non-core" resources, with the former referring to unearmarked funding that is used at the sole discretion of the respective United Nations entity and its governing board, and the latter meaning earmarked funding that is directed by donors towards specific locations, themes, activities and operations.

Harmonization of the terms "core" and "non-core" within the United Nations development system is difficult to achieve, owing to the different business models adopted by funds, programmes and specialized agencies. Instead, a more pragmatic approach is proposed wherein these terms are mapped (see table 2) against those used in the present report, so that it is clear how they relate to each other.

Table 2
Terms used by different entities for core and non-core contributions

Core	*Entity*	*Non-core*	*Entity*
Regular resources	UNDP,[a] UNCDF, UN-Women, UNV, UNICEF, UNFPA	Other resources	UNDP, UNCDF, UN-Women, UNV, UNICEF, UNFPA
Multilateral contribution	WFP	Directed multilateral contribution	WFP
Regular budget	UNRWA, Department of Economic and Social Affairs, UN-Habitat, UNCTAD, ITC	Projects and emergency appeals	UNRWA
Unearmarked contribution	UNHCR,[a] Office for the Coordination of Humanitarian Affairs,[a] IFAD, OHCHR	Earmarked contribution	IFAD, Office for the Coordination of Humanitarian Affairs, UNEP, UN-Habitat, OHCHR
		Tightly earmarked	UNHCR, OECD/DAC
		Lightly earmarked	UNHCR, OECD/DAC

Core	*Entity*	*Non-core*	*Entity*
Environment Fund	UNEP[a]		
Core resources	UNAIDS, OECD/DAC	Extrabudgetary contribution	UNAIDS, UNCTAD, Department of Economic and Social Affairs, ITC, FAO, IAEA, ICAO, ILO, IMO, ITU, UNESCO, UNIDO, UPU, UNWTO, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA
General purpose fund	UNODC[a]	Special purpose fund	UNODC
Assessed budget	FAO, ICAO, ILO, ITU, UNESCO, UNIDO, UPU, UNWTO, WHO, WIPO, WMO, ECA, ECE, ECLAC, ESCAP, ESCWA	Voluntary contributions — core	WHO
Technical Cooperation Fund	IAEA,[a] IMO[a]	Voluntary contributions — specified	WHO

[a] Also receives a regular budget contribution.

In compliance with General Assembly resolution 63/311, data on contributions and expenditures are obtained from the financial statistics database and reporting system that is managed by CEB. In some instances, the Department contacted United Nations entities directly to verify information it had collected from the database managed by CEB.

In a few cases, data could not be obtained through the CEB financial database. Data on the contributions and expenditures of OHCHR and the Office for the Coordination of Humanitarian Affairs were gathered using their annual report. Data on WHO was gathered using audited financial statements for the year 2011, which were presented at the 66th World Health Assembly.[a] Country-level breakdown of WHO expenditures for 2011 was not available. Instead, past country-level expenditure breakdown was used and prorated against WHO total and regional expenditures in 2011. For UNEP and UPU, the most recent data that could be retrieved was for 2010. Data on official development assistance are derived from the

DAC and CRS datasets on OECD.Stat.[b] Data on multi-donor trust funds were obtained directly from the UNDP Multi-Donor Trust Funds Office Gateway.[c]

In this report, the term "real terms" refers to constant 2010 United States dollars computed using the OECD/DAC deflators which take into account both inflation and exchange rate movements.

Data on contributions refers to actual funding for operational activities for development received in a given calendar year from Governments and other public and private sources by organizations in the United Nations system. Data on resource transfers from one entity of the system to another are excluded wherever possible to avoid double counting. Data on expenditures represent the support provided by the organizations of the United Nations system for operational activities for development in developing countries. Contributions and expenditures are expressed in current United States dollars, unless otherwise stated.

The designations employed and the presentation of the information in the report do not imply the expression of any opinion whatsoever on the part of the United Nations Secretariat concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The term "country" as used in the report also refers, as appropriate, to territories or areas. A hyphen between dates representing years signifies the full period involved, including the beginning and end years.

[b] www.oecd.org/dac/stats/international-development-statistics.htm.
[c] http://mptf.undp.org/.

Annex III

Differences between United Nations and OECD/DAC reporting on contributions for United Nations operational activities for development

There are a number of important differences between the way the United Nations and OECD/DAC define, classify and report contributions to the United Nations system. The use of different definitions and classifications by the United Nations and OECD/DAC means that the United Nations contributions data cannot be compared with the OECD/DAC official development assistance data without considerable double counting.

In United Nations statistics, both core and non-core funding from Governments to the United Nations system are classified as contributions to the United Nations for its operational activities. OECD/DAC classifies only core contributions from Governments as multilateral aid to the United Nations system, while non-core contributions, sometimes called "multibilateral" assistance, are classified as bilateral aid.

The United Nations includes non-core contributions in its estimates because it considers the purposes of both core and non-core Government contributions to the United Nations system to support its operational activities. OECD/DAC classifies non-core contributions to the United Nations system as bilateral aid because it considers the use of such funds to be effectively under the control of the donor Governments, with United Nations entities serving as a channel of delivery for those funds, as opposed to being recipients, of aid.

This difference in the treatment of non-core contributions is the single most important difference in reporting on the operational activities for development of the United Nations system by the two organizations. This different treatment of non-core resources includes local resources contributions, which are not defined as aid flows by OECD/DAC since these resources do not constitute a flow of development funding from one country to another.

United Nations figures on contributions to operational activities for development are more comprehensive than the ones provided by OECD/DAC, as they include funding from all non-OECD/DAC countries, whereas OECD/DAC reporting is limited to those countries that officially submit such reports to DAC. This means that the figures from OECD/DAC on contributions to the United Nations development system exclude a number of large non-OECD/DAC countries.

The United Nations reporting also includes contributions from non-governmental organizations and private organizations, while OECD/DAC records them under the category of private flows (i.e., not official development assistance), and those extended to the United Nations cannot be separately identified.

There are also other reporting differences, including on contributions to the United Nations system for multi-donor trust funds, which are still reported by OECD/DAC mainly as bilateral aid but are included in the United Nations financial statistics. Not only is it a classification problem, but it is also a timing problem. For example, when a donor contributes money to a multi-donor trust fund, it is recorded as a disbursement by that donor (and thus by OECD/DAC) at the moment the donor

makes the contribution to the United Nations administrative agent. However, there may be a delay before the United Nations administrative agent actually transfers the funds to the implementing United Nations agency. Only at the time the funds are transferred to the participating agent are they recorded as income by the United Nations.

In the below table, an attempt is made to compare the reported figures for core, non-core and total contributions to the United Nations development system and presented in the present report with those published by OECD/DAC. As the table shows, the figures of the Department of Economic and Social Affairs and those of OECD/DAC could not be fully reconciled. Accordingly, the Department will continue to work with OECD/DAC to further improve the accuracy of this reconciliation in the 2014 funding report.

Table 1
Differences between United Nations and OECD/DAC reporting on contributions for United Nations operational activities for development, 2011

Source	*OECD/DAC reporting*	*United Nations reporting*	*Difference (Percentage)*
	(millions of United States dollars)		
DAC countries			
Core	6 545	5 331	20
Non-core	8 238	8 979	9
Total	**14 782**	**14 311**	**3**
Non-DAC countries			
Core	174	259	39
Non-core	..	303	..
Local resources	0	1 272	..
Total	**174**	**1 834**	**165**
European Commission			
Core	144	127	13
Non-core	1 448	1 487	3
Total	**1 593**	**1 615**	**1**
Other multilaterals, private sector, NGOs			
Core	0	627	..
Non-core	1 149	4 375	117
Total	**1 149**	**5 002**	**125**
Grand totals			
Core	**6 863**	**6 345**	**8**
Non-core	**10 834**	**16 417**	**41**
Total	**17 697**	**22 761**	**25**

Source: OECD.Stat, DAC table 1 and OECD Creditor Reporting System.

Annex IV

Total official development assistance flows, 2011

(billions of United States dollars)

Type of aid	*Volume*
Bilateral aid from DAC member countries	93.6
Multilateral aid from DAC member countries	40.1
Total ODA from DAC member countries	**133.7**
Debt relief	4.2
Total ODA from DAC member countries, excluding debt relief	**129.5**
Bilateral aid from non-DAC member countries	8.0
Multilateral aid from non-DAC member countries	1.7
Total ODA, excluding debt relief	**139.2**

Source: OECD.Stat, DAC table 1.

Annex V

Burden-sharing, 2011

2011 Contributions	*Actual development-related contributions*							*Core levels based on median Core GNI*			*Making up core shortfalls with existing non-core*		
	GNI	*Core*	*Non-core*	*Total*	*Core GNI*	*Non-core GNI*	*Total GNI*	*Core*	*Non-core*	*Total*	*Core*	*Non-core*	*Total*
Donor	*(millions of United States dollars)*				*(Percentage)*			*(millions of United States dollars)*					
Australia	1 030 268	131	243	374	0.0127	0.0235	0.0363	131	243	374	131	243	374
Austria	406 643	22	13	34	0.0053	0.0031	0.0085	52	13	64	34	0	34
Belgium	508 092	113	72	184	0.0221	0.0141	0.0362	65	72	136	113	72	184
Canada	1 570 886	166	375	541	0.0106	0.0239	0.0345	200	375	575	200	341	541
Denmark	336 626	174	106	280	0.0517	0.0316	0.0833	43	106	149	174	106	280
Finland	260 831	141	66	207	0.0541	0.0251	0.0792	33	66	99	141	66	207
France	2 775 664	136	73	209	0.0049	0.0026	0.0075	353	73	426	209	0	209
Germany	3 594 303	230	170	400	0.0064	0.0047	0.0111	458	170	628	400	0	400
Greece	282 976	8	1	9	0.0029	0.0004	0.0034	36	1	37	9	0	9
Ireland	173 120	50	30	80	0.0292	0.0172	0.0464	22	30	52	50	30	80
Italy	2 146 998	142	127	269	0.0066	0.0059	0.0125	273	127	400	269	0	269
Japan	5 774 376	363	689	1 052	0.0063	0.0119	0.0182	735	689	1 425	735	317	1 052
Luxembourg	40 393	27	35	62	0.0669	0.0856	0.1525	5	35	40	27	35	62
Netherlands	830 219	308	264	573	0.0372	0.0319	0.0690	106	264	370	308	264	573
New Zealand	124 177	26	8	34	0.0210	0.0064	0.0274	16	8	24	26	8	34
Norway	440 185	380	408	788	0.0863	0.0928	0.1791	56	408	464	380	408	788
Portugal	226 021	9	5	14	0.0040	0.0020	0.0060	29	5	33	14	0	14
Republic of Korea	1 038 981	43	45	89	0.0042	0.0044	0.0085	132	45	178	89	0	89
Spain	1 432 813	164	185	349	0.0115	0.0129	0.0244	182	185	367	182	167	349
Sweden	503 188	350	254	604	0.0695	0.0505	0.1200	64	254	318	350	254	604
Switzerland	603 917	119	65	184	0.0197	0.0108	0.0305	77	65	142	119	65	184
United Kingdom of Great Britain and Northern Ireland	2 366 544	347	535	881	0.0147	0.0226	0.0372	301	535	836	347	535	881
United States of America	15 097 083	624	838	1 462	0.0041	0.0055	0.0097	1 922	838	2 760	1 462	0	1 462
OECD/DAC countries	**41 564 303**	**4 075**	**4 606**	**8 680**	**0.0098**	**0.0111**	**0.0209**	**5 293**	**4 606**	**9 898**	**5 770**	**2 910**	**8 680**

A/68/97
E/2013/87

Annex VI

Concentration ratio of United Nations entities, 2011

United Nations entity	Significant relations A	Non-significant relations B	Total relations A+B	Concentration ratio (2011) (percentage) A/(A+B)	Degree of concentration
UNRWA	4	0	4	100	
ITU	4	1	5	80	
Office for the Coordination of Humanitarian Affairs	19	6	25	76	High
UNCTAD	21	9	30	70	
UNDP	89	46	135	66	
UNAIDS	70	39	109	64	
UPU	10	6	16	63	
UNCDF	15	10	25	60	
UNODC	33	22	55	60	
IAEA	57	38	95	60	Average to high
UNFPA	71	48	119	60	
ITC	24	18	42	57	
IFAD	55	45	100	55	
ILO	56	46	102	55	
UNWTO	17	14	31	55	
OHCHR	21	22	43	49	
WMO	39	47	86	45	
UNHCR	41	52	93	44	
UNICEF	52	66	118	44	
UNEP	31	40	71	44	
UNIDO	38	51	89	43	Low to average
FAO	57	85	142	40	
UNESCO	42	67	109	39	
WHO	55	88	143	38	
WFP	29	57	86	34	
UN-Habitat	19	50	69	28	
UNDESA	9	36	45	20	Low
WIPO	1	10	11	9	
Total	**979**	**1 019**	**1 998**	**49**	

Annex VII

Country groupings

List of countries/areas by income group

Low income	*Low-middle income*	*Upper-middle income*	*High income*
Afghanistan	Albania	Algeria	Andorra
Bangladesh	Armenia	Angola	Australia
Benin	Belize	Antigua and Barbuda	Austria
Burkina Faso	Bhutan	Argentina	Bahamas
Burundi	Bolivia (Plurinational State of)	Azerbaijan	Bahrain
Cambodia	Cameroon	Belarus	Barbados
Central African Republic	Cape Verde	Bosnia and Herzegovina	Belgium
Chad	Congo	Botswana	Brunei Darussalam
Comoros	Côte d'Ivoire	Brazil	Canada
Democratic People's Republic of Korea	Djibouti	Bulgaria	Hong Kong, China
Democratic Republic of the Congo	Egypt	Chile	Macau, China
Eritrea	El Salvador	China	Croatia
Ethiopia	Fiji	Colombia	Cyprus
Gambia	Georgia	Cook Islands	Czech Republic
Guinea	Ghana	Costa Rica	Denmark
Guinea-Bissau	Guatemala	Cuba	Equatorial Guinea
Haiti	Guyana	Dominica	Estonia
Kenya	Honduras	Dominican Republic	Finland
Kyrgyzstan	India	Ecuador	France
Liberia	Indonesia	Gabon	Germany
Madagascar	Iraq	Grenada	Gibraltar
Malawi	Kiribati	Iran (Islamic Republic of)	Greece
Mali	Kosovo	Jamaica	Hungary

Low income	*Low-middle income*	*Upper-middle income*	*High income*
Mauritania	Lao People's Democratic Republic	Jordan	Iceland
Mozambique	Lesotho	Kazakhstan	Ireland
Myanmar	Marshall Islands	Latvia	Israel
Nepal	Micronesia (Federated States of)	Lebanon	Italy
Niger	Mongolia	Libya	Japan
Rwanda	Morocco	Lithuania	Kuwait
Sierra Leone	Nicaragua	Malaysia	Liechtenstein
Somalia	Nigeria	Maldives	Luxembourg
Tajikistan	Niue	Mauritius	Malta
Togo	Occupied Palestinian Territory	Mexico	Monaco
Uganda	Pakistan	Montenegro	Netherlands
United Republic of Tanzania	Papua New Guinea	Namibia	New Zealand
Zimbabwe	Paraguay	Palau	Norway
	Philippines	Panama	Oman
	Republic of Moldova	Peru	Poland
	Samoa	Romania	Portugal
	Sao Tome and Principe	Russian Federation	Qatar
	Senegal	Serbia	Republic of Korea
	Solomon Islands	Seychelles	San Marino
	Sri Lanka	South Africa	Saudi Arabia
	South Sudan	Saint Lucia	Singapore
	Sudan	Saint Vincent and the Grenadines	Slovak Republic
	Swaziland	Suriname	Slovenia
	Syrian Arab Republic	Thailand	Spain
	Timor-Leste	The former Yugoslav Republic of Macedonia	Saint Kitts and Nevis

Low income	*Low-middle income*	*Upper-middle income*	*High income*
	Tonga	Tunisia	Sweden
	Ukraine	Turkey	Switzerland
	Uzbekistan	Turkmenistan	Trinidad and Tobago
	Vanuatu	Tuvalu	United Arab Emirates
	Viet Nam	Uruguay	United Kingdom of Great Britain and Northern Ireland
	Yemen	Venezuela (Bolivarian Republic of)	United States of America
	Zambia		

United Nations list of least developed countries	*United Nations list of landlocked developing countries*	*United Nations list of small island developing States*	*United Nations integrated mission countries*
Afghanistan	Afghanistan	Anguilla	Afghanistan
Angola	Armenia	Antigua and Barbuda	Burundi
Bangladesh	Azerbaijan	Aruba	Central African Republic
Benin	Bhutan	Bahamas	Côte d'Ivoire
Bhutan	Bolivia (Plurinational State of)	Bahrain	Democratic Republic of the Congo
Burkina Faso	Botswana	Barbados	Guinea-Bissau
Burundi	Burkina Faso	Belize	Haiti
Cambodia	Burundi	British Virgin Islands	Iraq
Central African Republic	Central African Republic	Cape Verde	Lebanon
Chad	Chad	Comoros	Liberia
Comoros	Ethiopia	Cook Islands	Libya
Democratic Republic of the Congo	Kazakhstan	Cuba	Nepal
Djibouti	Kyrgyzstan	Dominica	Sierra Leone
Equatorial Guinea	Lao People's Democratic Republic	Dominican Republic	Somalia
Eritrea	Lesotho	Fiji	Sudan
Ethiopia	Malawi	French Polynesia	Timor-Leste

United Nations list of least developed countries	*United Nations list of landlocked developing countries*	*United Nations list of small island developing States*	*United Nations integrated mission countries*
Gambia	Mali	Grenada	Kosovo
Guinea	Mongolia	Guam	Occupied Palestinian Territory
Guinea-Bissau	Nepal	Guinea-Bissau	
Haiti	Niger	Guyana	
Kiribati	Paraguay	Haiti	
Lao People's Democratic Republic	Republic of Moldova	Jamaica	
Lesotho	Rwanda	Kiribati	
Liberia	Swaziland	Maldives	
Madagascar	Tajikistan	Marshall Islands	
Malawi	The former Yugoslav Republic of Macedonia	Mauritius	
Mali	Turkmenistan	Micronesia (Federated States of)	
Mauritania	Uganda	Montserrat	
Mozambique	Uzbekistan	Nauru	
Myanmar	Zambia	Netherlands Antilles	
Nepal	Zimbabwe	Niue	
Niger		Palau	
Rwanda		Papua New Guinea	
Samoa		Samoa	
Sao Tome and Principe		Sao Tome and Principe	
Senegal		Seychelles	
Sierra Leone		Singapore	
Solomon Islands		Solomon Islands	
Somalia		Saint Kitts and Nevis	
South Sudan		Saint Lucia	
Sudan		Saint Vincent and the Grenadines	

United Nations list of least developed countries	*United Nations list of landlocked developing countries*	*United Nations list of small island developing States*	*United Nations integrated mission countries*
Timor-Leste		Suriname	
Togo		Timor-Leste	
Tuvalu		Tonga	
Uganda		Trinidad and Tobago	
United Republic of Tanzania		Tuvalu	
Vanuatu		Vanuatu	
Yemen			
Zambia			

Classification of countries by human development index

Low	*Medium*	*High*
Afghanistan	Algeria	Albania
Angola	Bhutan	Antigua and Barbuda
Bangladesh	Bolivia (Plurinational State of)	Armenia
Benin	Botswana	Azerbaijan
Burkina Faso	Cambodia	Belarus
Burundi	Cape Verde	Belize
Cameroon	China	Bosnia and Herzegovina
Central African Republic	Congo	Brazil
Chad	Dominican Republic	Bulgaria
Comoros	Egypt	Colombia
Côte d'Ivoire	El Salvador	Costa Rica
Democratic Republic of the Congo	Equatorial Guinea	Cuba
Djibouti	Fiji	Dominica
Eritrea	Gabon	Ecuador
Ethiopia	Ghana	Georgia
Gambia	Guatemala	Grenada
Guinea	Guyana	Iran (Islamic Republic of)
Guinea-Bissau	Honduras	Jamaica

Low	*Medium*	*High*
Haiti	India	Kazakhstan
Kenya	Indonesia	Kuwait
Lesotho	Iraq	Lebanon
Liberia	Jordan	Libya
Madagascar	Kiribati	Malaysia
Malawi	Kyrgyzstan	Mauritius
Mali	Lao People's Democratic Republic	Mexico
Mauritania	Maldives	Montenegro
Mozambique	Micronesia (Federated States of)	Palau
Myanmar	Mongolia	Panama
Nepal	Morocco	Peru
Niger	Namibia	Saudi Arabia
Nigeria	Nicaragua	Serbia
Pakistan	Occupied Palestinian Territory	Seychelles
Papua New Guinea	Paraguay	Saint Kitts and Nevis
Rwanda	Philippines	Saint Lucia
Sao Tome and Principe	Republic of Moldova	Saint Vincent and the Grenadines
Senegal	Samoa	The former Yugoslav Republic of Macedonia
Sierra Leone	South Africa	Tonga
Solomon Islands	Sri Lanka	Trinidad and Tobago
Somalia	Suriname	Tunisia
Sudan	Swaziland	Turkey
Timor-Leste	Syrian Arab Republic	Ukraine
Togo	Tajikistan	Uruguay
Uganda	Thailand	Venezuela (Bolivarian Republic of)
United Republic of Tanzania	Turkmenistan	
Yemen	Uzbekistan	
Zambia	Vanuatu	
Zimbabwe	Viet Nam	

World Bank list of countries in fragile situations	*OECD list of fragile States*
Afghanistan	Afghanistan
Angola	Angola
Bosnia and Herzegovina	Bangladesh
Burundi	Bosnia and Herzegovina
Central African Republic	Burkina Faso
Chad	Burundi
Comoros	Cambodia
Congo	Cameroon
Côte d'Ivoire	Central African Republic
Democratic Republic of the Congo	Chad
Eritrea	Comoros
Guinea	Congo
Guinea-Bissau	Côte d'Ivoire
Haiti	Democratic People's Republic of Korea
Iraq	Democratic Republic of the Congo
Kiribati	Eritrea
Kosovo	Ethiopia
Liberia	Georgia
Libya	Guinea
Marshall Islands	Guinea-Bissau
Micronesia (Federated States of)	Haiti
Myanmar	Iraq
Nepal	Kiribati
Occupied Palestinian Territory	Kosovo
Sierra Leone	Kyrgyzstan
Solomon Islands	Liberia
Somalia	Malawi
South Sudan	Marshall Islands
Sudan	Micronesia (Federated States of)

World Bank list of countries in fragile situations	*OECD list of fragile States*
Syrian Arab Republic	Myanmar
Timor-Leste	Nepal
Togo	Niger
Tuvalu	Nigeria
Yemen	Occupied Palestinian Territory
Zimbabwe	Pakistan
	Rwanda
	Sierra Leone
	Solomon Islands
	Somalia
	South Sudan
	Sri Lanka
	Sudan
	Tajikistan
	Timor-Leste
	Togo
	Uganda
	Yemen
	Zimbabwe

Annex VIII

List of statistical tables posted on the website of the Development Cooperation Policy Branch, Office for Economic and Social Council Support and Coordination, Department of Economic and Social Affairs*

A. Contributions for operational activities for development

1. Contributions by entity, 2006-2011
2. Contributions by entity and type of funding (core and non-core), 2006-2011
3. Contributions by source, type of activity (development and humanitarian assistance-related) and type of funding (core and non-core), 2011
4. Contributions by source, entity and type of funding (core and non-core), 2011
5. Top contributors to development-related activities, 2011

B. Expenditures on operational activities for development

1. Expenditures by entity, 2006-2011
2. Expenditures by recipient, type of activity (development and humanitarian assistance-related) and type of funding (core and non-core), 2011
3. Expenditures by recipient and entity, 2011
4. Expenditures by region, 2011

* www.un.org/esa/coordination/dcpb_stat.htm.